

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year  
ended  
**JUNE 30,  
2011**



California

City Hall and sunset photos taken by Duane Bazzel







# **Comprehensive Annual Financial Report**

*For The Fiscal Year Ended  
June 30, 2011*

*Mayor*  
Cheryl Cox

*City Council*

Rudy Ramirez  
Patricia Aguilar  
Pamela Bensoussan  
Steve Castaneda

*City Manager*  
Jim Sandoval

Compiled under the direction of  
Maria Kachadoorian  
*Director of Finance/Treasurer*



**City of Chula Vista**  
**Comprehensive Annual Financial Report**  
**For the year ended June 30, 2011**

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## Finance Department

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December 28, 2011

**To the Honorable Mayor, Members of the City Council  
And Citizens of the City of Chula Vista, California**

The Annual Financial Report (the Report) of the City of Chula Vista for the fiscal year ended June 30, 2011 is hereby submitted in accordance with City Charter section 1017 and section 25253 of the Government Code of the State of California.

**Purpose and Management Responsibility.** This report consists of management's representations concerning the finances of the City of Chula Vista (City). Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with U.S. generally accepted accounting principles (GAAP).

Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

**Audited Financial Statements.** The City's financial statements have been audited by Caporicci and Larson, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2011 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the overall accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion ("clean") that the City's financial statements for the fiscal year ended June 30, 2011, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report. The professionalism and knowledge exhibited by Caporicci and Larson during their audit work is greatly appreciated.

**Organization.** This report is presented in three sections: introductory, financial and statistical.

1. The Introductory section includes this transmittal memorandum and other information to familiarize the reader with the City: a directory of officials and the City's organization chart.
2. The Financial section consists of five parts: the independent auditors' report; management's discussion and analysis; the basic financial statements; required supplementary information; non-major governmental funds and agency funds.
3. Lastly, the Statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

GAAP require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). As noted above, the MD&A appears in the Financial Section. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it.

### **Single Audit for Federal Grant Programs**

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. This separately prepared report is available from the Finance Department upon request.

## **GOVERNMENT**

Chula Vista was incorporated in 1911, and functions under a City Charter with a Council/Manager form of government. The City is governed by a four member Council and a Mayor, who serve four year overlapping terms, and are elected on a citywide basis. The City Council appoints the City Manager, City Attorney and City Clerk. Municipal services provided include police, fire, parks, recreation, libraries, planning & building, housing programs, street and drainage construction & maintenance, sewer services, etc.

### **THE REPORTING ENTITY (Activities included in the Report)**

The Report includes all activities carried out by the City as a legal entity, and also includes the activities of certain other entities for which the City Council is financially accountable as determined under the guidelines of the Governmental Accounting Standards Board. Although legally separate entities, these so called "component units" are under the City's umbrella of accountability, and therefore, their financial position and results of operations are reflected in the Report.

The component units included in the Report are:

The Redevelopment Agency of the City of Chula Vista  
The Chula Vista Industrial Development Authority  
The Chula Vista Public Financing Authority

## **ACCOUNTING SYSTEMS AND BUDGETARY CONTROL**

The basic financial statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets.

Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

In administering the City’s accounting systems, primary consideration is given to the adequacy of internal accounting controls, which include an array of administrative procedures. These controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, as well as the reliability of financial records for accurate and fair presentation of financial reports. The concept of reasonable assurance recognizes that the cost of specific controls should not exceed the benefits likely to be derived from exercising the controls, and that this evaluation necessarily involves estimates and judgments by management. It is believed that the City’s internal accounting controls adequately safeguard City assets and provide reasonable assurance of proper recording of financial transactions.

The City Charter assigns the Director of Finance with the responsibility to supervise and be responsible for the disbursement of all monies and have control over all expenditures to ensure that budget appropriations are not exceeded. The level of budgetary control, that is, the level at which expenditures are not to exceed Council approved appropriations, is established by department at the category level. An encumbrance (commitment) accounting system is utilized as a technique to enhance budgetary control during the year. Appropriations encumbered (committed) at year end are carried forward if authorized and are available to be used for those commitments during the subsequent year while unspent, unencumbered appropriations lapse at year end and become generally available for re-appropriation the following year.

The City Council adopts the formal budget before the beginning of each fiscal year and may amend it throughout the year as necessary. Expenditures may not exceed budgeted figures at the department level. Financial status reports summarizing the year to date General Fund revenues and expenditures are presented to the City Council on a quarterly basis.

## **LOCAL ECONOMY AND PROSPECTS FOR THE FUTURE**

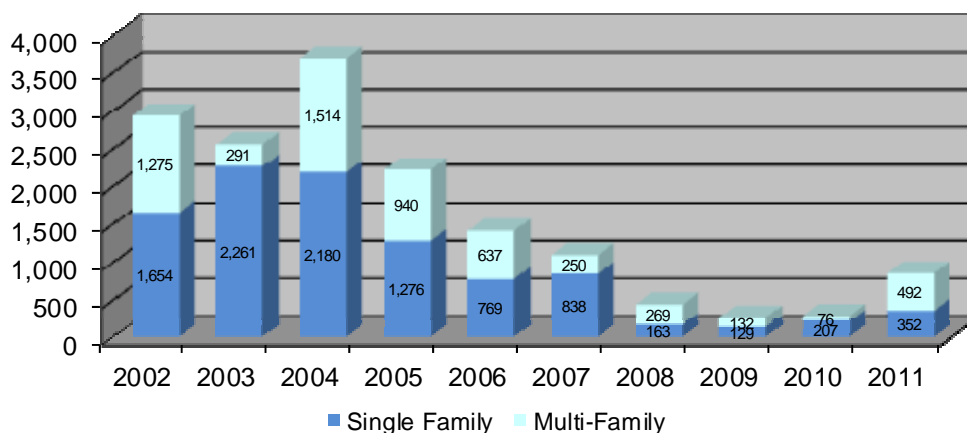
The City of Chula Vista, incorporated in 1911, is a city of great diversity, both geographically and demographically. It is a community of many choices and opportunities. The City of Chula Vista is located eight miles south of the City of San Diego and seven miles north of the Mexico

border. Chula Vista's city limits cover approximately 50 square miles, which spans from the beautiful shoreline of San Diego Bay to the breathtaking mountain views in the eastern section of the city. Chula Vista residents enjoy all the benefits of a major city along with small town friendliness, affordable housing and near perfect weather. The most recent data available from the San Diego Association of Governments (SANDAG) estimates that the median income in Chula Vista is \$66,955.

The City of Chula Vista, with a population of approximately 246,496, is the second largest community in San Diego County. SANDAG projects that the City of Chula Vista will reach a population of approximately 316,467 by the year 2040. The California State Department of Finance reports that from 2010 to 2011 the City added 2,493 new residents reflecting a 0.90 percent rate of growth. SANDAG's 2030 Growth Forecast indicates that the South County sub region will continue to host a substantial amount of the region's projected growth over the next 20 years, primarily through new development in the eastern portion of the City.

The number of residential units built hit an all time high during calendar years 1999-2004. Due to the significant slow down in the housing market, those numbers have dramatically dropped beginning in 2005. The following graph shows the actual number of housing units completed during the last 10 fiscal years.

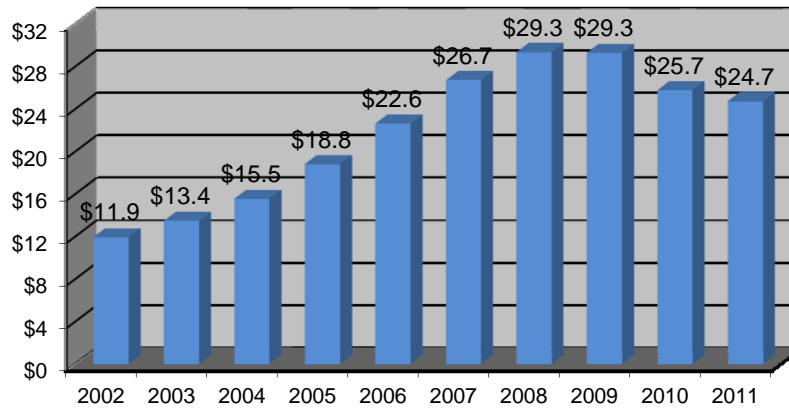
**Residential Building Units  
Fiscal Years 2002 to 2011**



### Property Taxes:

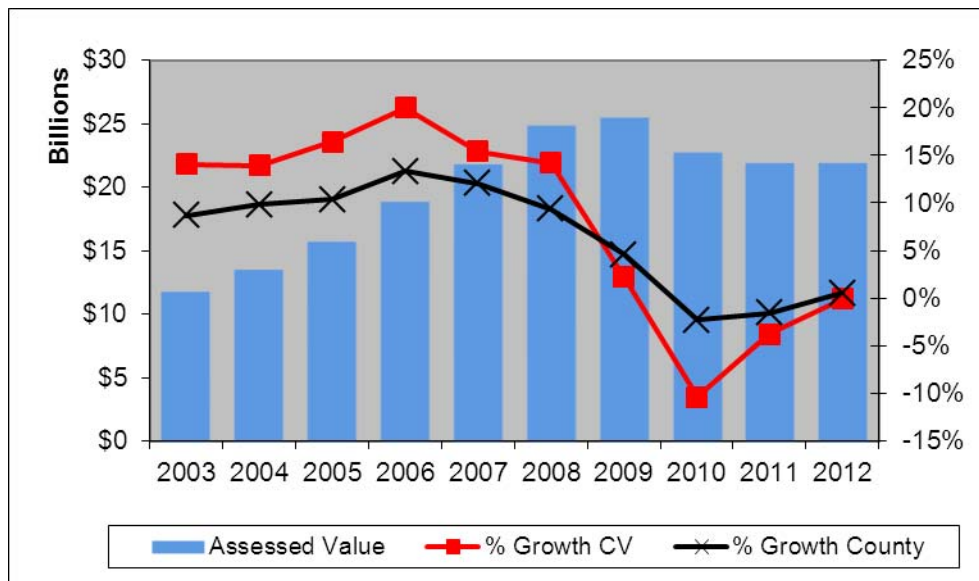
Under State law since 1979, property taxes for general government purposes are limited to one percent of the market value of the property assessed. Property tax is the City's second largest revenue source, representing 19.2 percent of the General Fund revenue in fiscal year 2011.

**Property Tax Revenue  
Fiscal Years 2002 to 2011**  
(in millions)



The chart illustrates the significant increases in property tax revenue the City has received as a result of the rapid development in the east. Property tax revenue has more than doubled over the ten-year period. This increase in property tax revenue is of course driven by like increases in the assessed values in the City. The City's assessed values have grown at historical rates until recently with the largest percentage increase of 20 percent occurring in fiscal year 2006. Based on the most recent County Assessor Annual Valuation Report, the assessed values in Chula Vista have increased by 0.51 percent. The City is anticipating that property tax revenues will be flat in the near term due to a number of factors such as the drop in housing prices, foreclosures and Proposition 8 reassessments. However the City does expect development to return at moderate levels at some point in the future.

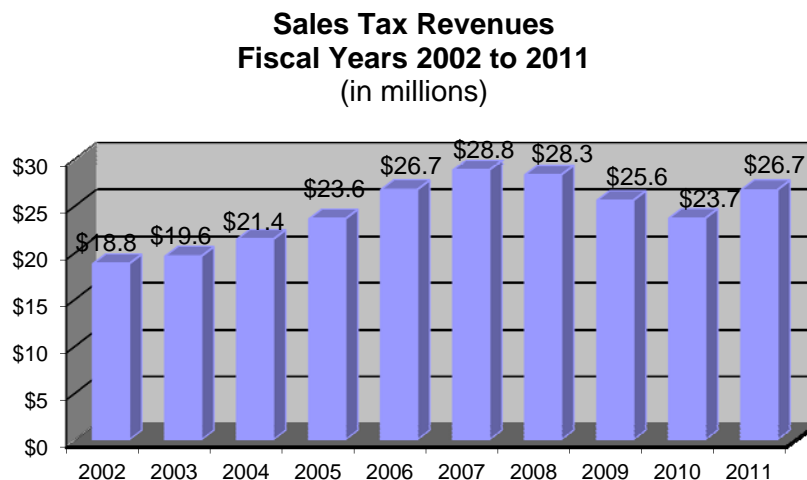
**Assessed Values  
Fiscal Years 2003 to 2012**





### Sales Taxes:

The City receives 1 percent in sales and use tax revenue from all taxable retail sales occurring within City limits. The current sales and use tax rate in the City is 7.75 percent. The tax rate is composed of the State's 6.5 percent component, the City's one percent and 0.25 percent designated for regional transportation projects. Sales and use tax revenue is the City's largest General Fund revenue source. In fiscal year 2011, sales taxes represented 20.7 percent of total General Fund revenues.



The growth in retail operators has made significant contributions to Chula Vista's sales tax base. Over the ten-year period 2002-2011, Chula Vista's sales tax revenues have grown approximately 42 percent (in current dollars) since 2002. Despite the Great Recession's effects the City's sales tax revenues have increased by 12.6 percent from the previous year which has to do more with the timing of the sales tax accruals. Over the last three year period the growth was at 4.3%.

### Long-Term Financial Planning:

As previously discussed the City experienced significant economic hardships. Long-term, the City is in a position to benefit from a vibrant and growing San Diego area economy. The City considers it essential to fund its financial reserves at a level that can endure a limited economic recession without impacting service levels and capital maintenance programs. The Council's General Fund minimum reserve level policy of 8 percent, which became effective in 1996, was established to prudently protect the fiscal solvency of the City. Reserves are important in order to mitigate the negative impact on revenues from economic fluctuations, to withstand State budget grabs and to fund unforeseen expenditure requirements.

However, the prolonged recession has impacted the City's development revenues, sales tax and property taxes significantly. The City took immediate action by implementing a hiring freeze and across the board cuts and by doing so was able to mitigate any impacts to General Fund reserves. As a result the City's General Fund reserve increased from 7.3 percent to 9.2 percent as of June 30, 2011 due to a combination of expenditure savings and loan repayments from the City's Redevelopment Agency.

On November 5, 2009, the City Council approved a revised General Fund reserve policy. This new policy increases the desired reserve level to a minimum of 23 percent of General Fund

operating expenditures and is composed of the following three components:

1. **General Fund Operating Reserve (15 %).** The operating reserve will ensure that the City's finances are managed in a manner which will (1) continue to provide for the delivery of quality services, (2) maintain and enhance service delivery as the community grows in accordance with the General Plan, (3) minimize or eliminate the need to raise taxes and fees because of temporary revenue shortfalls, and (4) establish the reserves necessary to meet known and unknown future obligations and ability to respond to unexpected opportunities.
2. **Economic Contingency Reserve (5%).** The economic contingency reserve represents monies set aside to mitigate service impacts during a significant downturn in the economy which impacts City revenues such as sales tax, property tax, business license tax and other revenues.
3. **Catastrophic Event Reserves (3%).** This reserve will set aside funds for unanticipated expenditures related to a major natural disaster in the City.

The new General Fund Reserve policy of 23 percent is a long-term goal to be achieved within the next ten years.

During fiscal year 2011, the Finance Department updated the General Fund Five Year Financial Forecast to assess the General Fund's ability over the next five years to continue current service levels based on anticipated growth. The forecast anticipated minimal to no growth for the next five years and identified a structural imbalance that resulted in budgetary cuts citywide. The Finance Department will continue to update the five-year forecast, as projections are refined. This forecast will serve as the foundation for the City's Long Term Financial Plan, which is in process. The Government Finance Officers Association (GFOA) recognizes the importance of combining the forecasting of revenues and expenditures into a single financial forecast. The GFOA also recommends that a government should have a financial planning process that assesses long-term financial implications of current and proposed policies, programs, and assumptions that develop appropriate strategies to achieve its goals.

## **CASH MANAGEMENT POLICIES**

In order to maximize investment leverage, it is the City's practice to "pool" available cash from all Funds for investment purposes. In accordance with the adopted investment policy, available cash is invested with the goal of safety, meaning protection of principal, as the first priority, ensuring adequate liquidity as the second priority, and maximizing yield as the third priority. The average yield on the pooled investment portfolio during the fiscal year ending June 30, 2011 was 1.53 percent, a decrease from the prior year yield of 1.63 percent due to a decreasing interest rate environment.

## **RISK MANAGEMENT**

The City is self-insured for the first \$500,000 per occurrence for its general liability losses including personal injury, property damage, errors and omission, automobile liability and employment practices liability. For those losses between \$500,000 and \$2,000,000 per occurrence, the City pools its liabilities through its membership in the San Diego Pooled

Insurance Program Authority (SANDPIPA). Insurance for losses in excess of the \$2,000,000 up to \$45,000,000 is purchased on a group basis by the member cities.

SANDPIPA is a joint powers authority comprised of twelve San Diego County cities. The Board of Directors consists of one staff representative (and an alternative) from each of the member cities as designated by the city's governing body. Each member city has equal representation on the Board of Directors. The Board of Directors is liable for all actions of SANDPIPA.

The City is self-insured for the first \$1.0 million per occurrence for worker's compensation liabilities. Excess workers' compensation coverage is obtained through participation in the CSAC Excess Insurance Authority's Excess Workers' Compensation Program. As of June 30, 2011, there is 160-member entities participating in the program that offers per occurrence coverage up to \$5.0 million through pooled resources and from \$5.0 million to statutory limits via group purchased excess insurance policies.

The probable amounts of loss as estimated by the City's Risk Manager and Attorney, including an estimate of incurred-but-not reported losses, have been recorded as liabilities in the basic financial statements. There were no reductions in insurance coverage from the prior year and there were no insurance settlements, which exceeded coverage in each of the past three years. Additional information on the City's risk management activity can be found under note disclosure 10 to the financial statements.

## **FINANCIAL HIGHLIGHTS**

The following presents supplemental information to the MD&A. Since fiscal year 2007, the City of Chula Vista's revenue base has been significantly reduced. The prolonged economic recession has impacted the City's major revenue sources – Property Tax, Sales Tax, and Motor Vehicle License Fees. During this time, the City Council has been proactive in addressing the financial issues facing the City – they have approved several budget balancing plans in an effort to keep expenditures in line with revenues. During fiscal year 2010-11 the City's revenues have shown a slight increase in its discretionary revenue base from the previous fiscal year.

In the development of the fiscal year 2010-11 budget, the City Manager recommended, and the Council approved, closing the deficit through the application of one time revenues in order to avoid additional service level impacts and employee layoffs. The use of one-time revenues affords the City the opportunity to continue to monitor economic trends and come forward in the future with adjustments based on additional months of economic data. While these solutions resulted in a balanced budget and minimal service impacts, they did not resolve the underlying structural problem.

In order to mitigate the structural deficit, the City implemented a reduction plan which involved negotiating with the various bargaining groups. The reduction plan included a combination of layoffs and service level reductions. With the combined leadership of the bargaining groups and the City, successful negotiations were completed with all bargaining groups agreeing to contribute their full share of employee pension cost and deferral or elimination of scheduled raises.

The implementation of the employee pension contributions varies by bargaining group. The City's non-represented employees – City Council, Executives, Senior Managers, Confidential and non-represented Mid Managers/Professionals, now contribute 8% of their salaries towards

their pension costs. For non-represented Safety employees the contribution rate is 9%. CVEA and POA employee contributions towards pension costs will be phased in until the full employee contribution is achieved. All other bargaining groups and non-represented employees will pay their respective portions of retirement costs 8% (miscellaneous) and 9% (safety) in fiscal year 2011-12. The achievement of pension reform is part of a long-term strategy for creating a sustainable, balanced budget.

In addition to the employees paying their share of pension costs, the City was able to implement a two tier system for all new hires that began on April 22, 2011. The new benefit formula is 2% at 60 for non-Public Safety members and 3% at 55 formula for Public Safety members. The benefit has been reduced from 3% at 60 for non-Public Safety members and 3% at 50 for Public Safety members.

The City was also able to negotiate eliminating the retiree health benefit for employees hired under the new tier. The City has never directly paid for the health care premiums of City retirees. However, the City was subsidizing the health insurance premiums for retirees by allowing them to purchase the health insurance at the same rates paid by active employees. This rate subsidy created an OPEB liability for the City that will now eventually be eliminated as the retirees' age and become eligible for the Federal Medicare program at age 65.

### **AWARD**

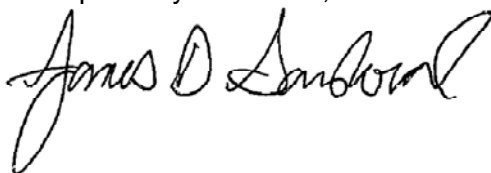
The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Chula Vista for its comprehensive annual financial report for the fiscal year ended June 30, 2010. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### **ACKNOWLEDGMENTS**

Preparation of the Report and more importantly, maintaining the City's accounting records in a manner sufficient to earn the aforementioned auditors opinion is only accomplished with the continuous concerted effort of each and every staff member in the Finance Department. As such, I express my sincere appreciation for their dedicated service. I would also like to thank the City Council for their continued support in achieving excellence in financial management.

Respectfully submitted,



**James Sandoval**  
City Manager



**Maria Kachadoorian, CPA, MPA**  
Director of Finance/Treasurer

**City of Chula Vista  
List of City Officials  
June 30, 2011**

**City Council**

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Cheryl Cox	Mayor
Rudy Ramirez	Deputy Mayor
Pamela Bensoussan	Councilmember
Steve Castaneda	Councilmember
Patricia Aguilar	Councilmember

**Administration**

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James Sandoval	City Manager
Gary Halbert	Assistant City Manager
Scott Tulloch	Assistant City Manager
Glen Goggins	City Attorney
Donna Norris	City Clerk

**Department Heads**

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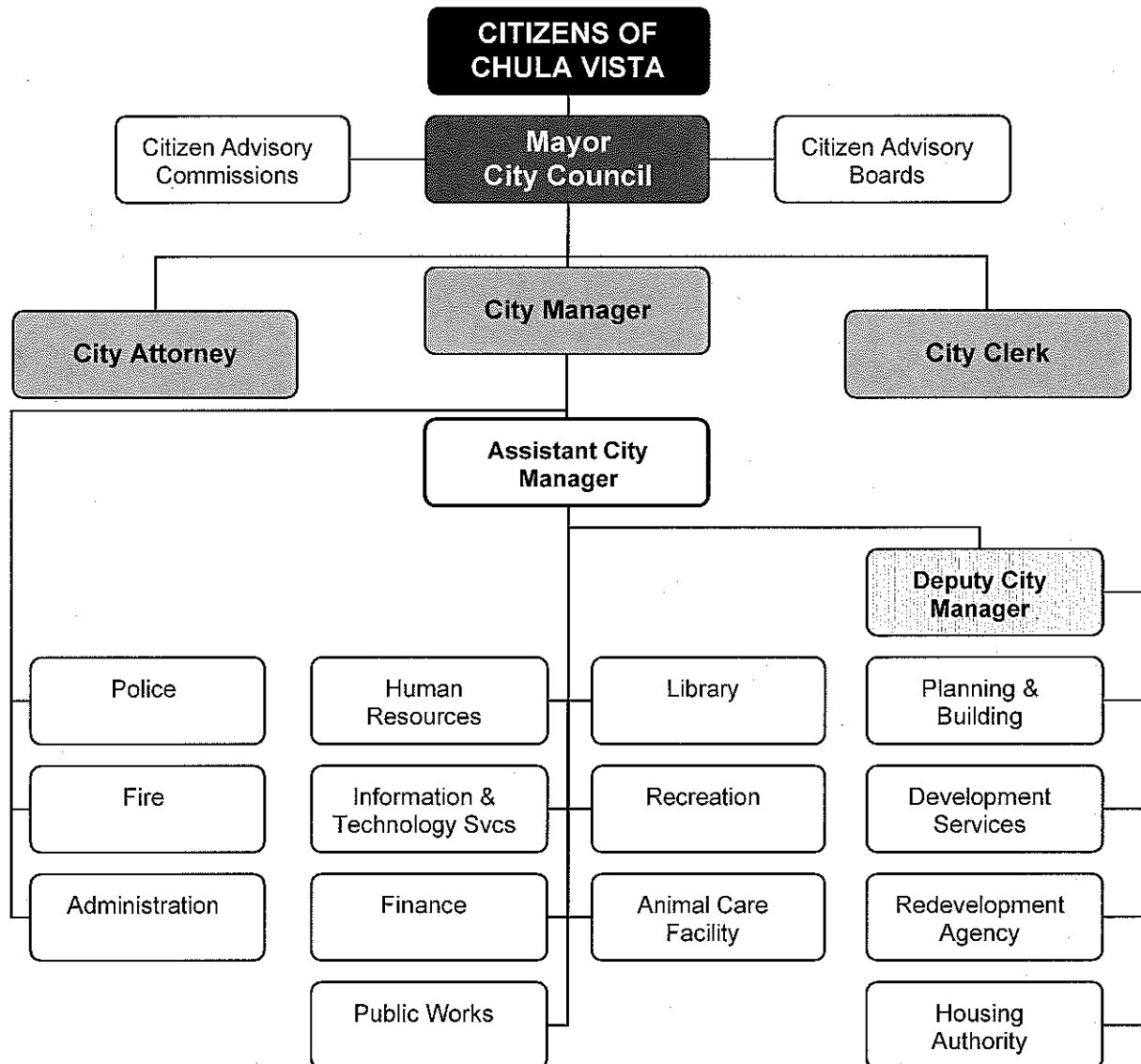
Kelley Bacon	Director of Human Resources & Information Technology Services
David Bejarano	Chief of Police
Gary Halbert	Director of Development Services
Dave Hanneman	Fire Chief
Richard Hopkins	Director of Public Works
Maria Kachadoorian	Director of Finance/Treasurer
Margaret Kazmer	Director of Library
Buck Martin	Director of Recreation
Michael Meacham	Director of Economic Development





**CITY OF  
CHULA VISTA**

**ORGANIZATION CHART**



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Chula Vista  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Linda C. Sandison*

President

*Jeffrey R. Emer*

Executive Director

## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council  
of the City of Chula Vista  
Chula Vista, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chula Vista, California (the "City"), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As explained further in Note 16 to the basic financial statements, the California State Legislature has enacted legislation that is intended to provide for the dissolution of redevelopment agencies in the State of California. The effects of this legislation are uncertain pending the result of certain lawsuits that have been initiated to challenge the constitutionality of this legislation.

The City adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

To the Honorable Mayor and Members of the City Council  
of the City of Chula Vista  
Chula Vista, California  
Page Two

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*Caporicci & Larson, Inc.*

Caporicci & Larson, Inc.  
A Subsidiary of Marcum LLP  
Certified Public Accountants  
San Diego, California  
December 28, 2011

## **CITY OF CHULA VISTA MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the City of Chula Vista, we are presenting the readers of this annual financial report a narrative overview and analysis of the financial activities of the City of Chula Vista for the fiscal year ended June 30, 2011. We encourage the readers of this document to consider the information presented here in conjunction with additional information furnished in the letter of transmittal found in the introductory section of this annual report.

### **FINANCIAL HIGHLIGHTS**

The following outlines financial highlights for the year:

1. The assets of the City exceeded its liabilities at June 30, 2011 by \$981.1 million (net assets). Of this amount, \$152.9 million was reported as "unrestricted net assets" and may be used to meet the government's ongoing obligations to citizens and creditors.
2. Total unrestricted net assets are \$4.6 million higher than last fiscal year, an increase of 3.1%.
3. The City's total net assets decreased by \$3.2 million in fiscal year 2011. Net assets of governmental activities decreased by \$3.2 million, while net assets of the business type activities decreased by \$5,278.
4. The City's governmental funds reported combined ending fund balances of \$125.6 million, an increase of \$0.9 million.
5. Total city-wide liabilities increased by \$0.4 million. Liabilities for governmental activities increased by \$0.8 million and decreased by \$0.4 million for business-type activities.
6. The City's total long-term debt obligations had a net decrease of \$7.8 million or - 3.9% during fiscal year 2011. The decrease is composed entirely of principal reductions.
7. The unassigned fund balance of the General Fund on June 30, 2011 was \$11.9 million or 9.3 percent of fiscal year 2010-11 General Fund expenditures (excluding other financing uses).
8. During this fiscal year the City began to record deferred revenue for collections of the City's Utility User Tax that is related to wireless telecommunications. Deferral of this revenue results in a \$3.0 million reduction in UUT revenues recognized in fiscal year 2010-11. Recognizing this revenue in the future will be contingent upon the outcome of lawsuits related to the Utility User Tax.



## **OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

This report also contains required supplementary information (RSI) as well as other supplemental financial information.

### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business. They are comprised of the *Statement of Net Assets and Statement of Activities*.

The *Statement of Net Assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. This statement combines and consolidates governmental funds current financial resources with capital assets and long-term obligations.

The *Statement of Activities and Changes in Net Assets* presents information showing how the government's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the above financial statements have separate sections for three different types of programs or activities. These three types of activities are:

*Governmental Activities* - The activities in this section are mostly supported by taxes and charges for services. The governmental activities of the City include General Government, Public Safety, Public Works, Parks and Recreation and Library.

*Business-Type Activities* – These functions normally are intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. The business-type activities of the City include the Sewer Funds and Transit Operations.

*Discretely Presented Component Units* - The City of Chula Vista has no discretely presented component units to report upon.

## **Fund Financial Statements and Major Component Unit Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

The fund financial statements provide detailed information about each of the City's most significant funds, called Major Funds. The concept of Major Funds, and the determination of which are major funds, was established by GASB Statement 34 and replaces the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually, with all Non-major Funds summarized and presented in a single column.

**Governmental Funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial capacity.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The City has thirty-two governmental funds, of which seven are considered major funds for presentation purposes. Each major fund is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. Information for the City's remaining governmental funds are combined into a single, aggregated "other governmental funds" column. Individual fund data for each of these non-major governmental funds is provided in the supplementary information portion of the report.

**Proprietary Funds** – The City maintains two different types of proprietary funds - enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its Sewer and Transit

activities. Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles and its information systems and equipment replacement program. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the governmental-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. There is no reconciliation needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

***Fiduciary Funds*** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### **Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information providing a budgetary comparison statement for the general fund and sewer fund.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

### **Net Assets**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Chula Vista, combined net assets (government and business type activities) totaled \$981.1 million at the close of the fiscal year ending June 30, 2011. This is a decrease of \$3.2 million when compared to the prior year. All of the decrease occurred in the City's governmental funds. On the following page is a summary schedule showing the components that make up the City's net assets at June 30, 2011 and 2010.

**City of Chula Vista**  
**Net Assets**  
**Fiscal Year Ending June 30**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Current Assets	\$ 155,963,987	\$ 146,473,218	\$ 67,255,297	\$ 62,055,570	\$ 223,219,284	\$ 208,528,788
Non-Current Assets	52,841,925	56,999,497	14,066,534	13,841,666	66,908,459	70,841,163
Capital Assets	809,473,731	817,228,049	146,550,585	152,384,420	956,024,316	969,612,469
<b>Total Assets</b>	<b>1,018,279,643</b>	<b>1,020,700,764</b>	<b>227,872,416</b>	<b>228,281,656</b>	<b>1,246,152,059</b>	<b>1,248,982,420</b>
Current Liabilities	42,016,104	36,924,808	916,773	1,511,585	42,932,877	38,436,393
Non-Current Liabilities	221,954,722	226,288,362	190,850	-	222,145,572	226,288,362
<b>Total Liabilities</b>	<b>263,970,826</b>	<b>263,213,170</b>	<b>1,107,623</b>	<b>1,511,585</b>	<b>265,078,449</b>	<b>264,724,755</b>
Net Assets						
Invested in Capital Assets, Net of Related Debt	634,409,385	634,377,842	146,550,585	152,384,420	780,959,970	786,762,262
Restricted	47,168,636	49,193,256	-	-	47,168,636	49,193,256
Unrestricted	72,730,796	73,916,496	80,214,208	74,385,651	152,945,004	148,302,147
<b>Total Net Assets</b>	<b>\$ 754,308,817</b>	<b>\$ 757,487,594</b>	<b>\$ 226,764,793</b>	<b>\$ 226,770,071</b>	<b>\$ 981,073,610</b>	<b>\$ 984,257,665</b>

As the table shows, an amount of \$781.0 million is reported as invested in capital assets (e.g. land, streets, sewers, buildings, improvements, equipment and work in progress), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Additional portions of the City's net assets are restricted (\$47.2 million or 4.8%) and represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$152.9 million may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of fiscal year the City was able to report overall positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

## Changes in Net Assets

The statement of net assets provides a snapshot at a given point in time of the assets and liabilities of the City. The other citywide statement provided is the *Statement of Activities*. This statement provides the reader with information regarding the revenues, expenses and changes in net assets over the fiscal year. Generally, all changes to the City's net assets from one fiscal year to the next flow through the Statement of Activities. The City's net assets have decreased by \$3.2 million or -0.3%, from the prior fiscal year. The government activities account for all of the decrease in total net assets.

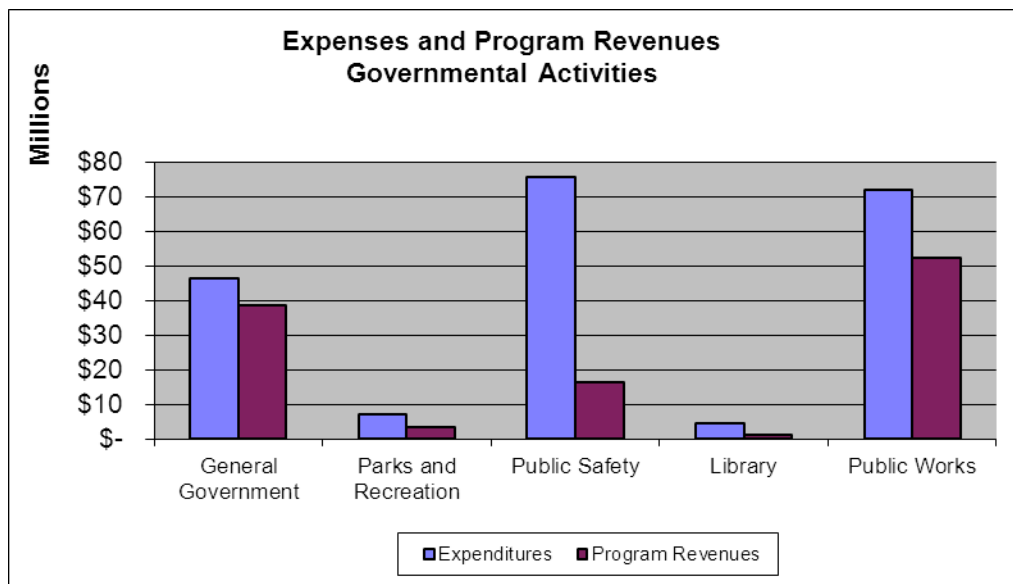
### City of Chula Vista Summary of Changes in Net Assets Fiscal Year Ending June 30

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	75,720,603	73,079,200	\$ 35,235,240	\$ 39,785,718	\$ 110,955,843	\$ 112,864,918
Operating Grants & Contributions	31,976,818	17,984,120	3,431,988	3,357,566	35,408,806	21,341,686
Capital Grants & Contributions	4,781,625	23,711,994			4,781,625	23,711,994
General Revenues:						
Property Taxes	39,437,025	41,798,577			39,437,025	41,798,577
Sales Taxes	26,702,443	23,674,601			26,702,443	23,674,601
Franchise Taxes	8,260,411	8,465,199			8,260,411	8,465,199
Utility User Taxes	4,943,679	9,059,302			4,943,679	9,059,302
Business License Taxes	1,085,247	1,177,539			1,085,247	1,177,539
Transient Occupancy Taxes	2,058,878	2,036,377			2,058,878	2,036,377
Property Transfer Taxes	777,016	893,116			777,016	893,116
Construction Taxes	360,156	296,144			360,156	296,144
Investment Earnings	9,108,662	5,744,616	1,288,478	1,785,660	10,397,140	7,530,276
Miscellaneous	5,193,653	7,581,794	1,013,733	9,249,893	6,207,386	16,831,687
<b>Total Revenues</b>	<b>210,406,216</b>	<b>215,502,579</b>	<b>40,969,439</b>	<b>54,178,837</b>	<b>251,375,655</b>	<b>269,681,416</b>
<b>Expenses</b>						
General Government	\$ 46,457,112	\$ 51,136,412			\$ 46,457,112	\$ 51,136,412
Public Safety	75,664,246	74,008,767			75,664,246	74,008,767
Public Works	71,857,158	69,524,903			71,857,158	69,524,903
Parks and Recreation	6,995,489	7,849,907			6,995,489	7,849,907
Library	4,509,999	4,826,602			4,509,999	4,826,602
Interest on Long-Term Debt	11,538,707	11,217,753			11,538,707	11,217,753
Sewer Funds			30,245,584	29,240,616	30,245,584	29,240,616
Non-Major Enterprise Funds			7,291,415	7,792,719	7,291,415	7,792,719
<b>Total Expenses</b>	<b>217,022,711</b>	<b>218,564,344</b>	<b>37,536,999</b>	<b>37,033,335</b>	<b>254,559,710</b>	<b>255,597,679</b>
Increase/(Decrease) in						
Net Assets Before Transfers	(6,616,495)	(3,061,765)	3,432,440	17,145,502	(3,184,055)	14,083,737
Transfers	3,437,718	3,473,571	(3,437,718)	(3,473,571)	-	-
Change in Assets	(3,178,777)	411,806	(5,278)	13,671,931	(3,184,055)	14,083,737
Net Assets, Beginning of Year	757,487,594	757,075,788	226,770,071	213,098,140	984,257,665	970,173,928
Net Assets, End of Year	\$ 754,308,817	\$ 757,487,594	\$ 226,764,793	\$ 226,770,071	\$ 981,073,610	\$ 984,257,665

Further analysis is provided within the governmental and business-type activity sections below.

## Governmental Activities

Governmental activities decreased the City's net assets by \$3.2 million thereby accounting for all of the City's decrease in net assets. The City received a total of \$112.5 million in Program Revenues for the year a decrease of \$2.3 million from the previous year. A comparison of the cost of services by function for the City's governmental activities is shown in the table below, along with the program revenues used to cover the net expenses of the governmental activities. A discussion of Program Revenues follows.



*Charges for Services* had a net increase of \$2.6 million for governmental activities when compared to the previous year. Some of the more noteworthy changes in the charges for services category include:

- General Government had a net decrease of \$2.6 million. The City's Utility User Tax (UUT) Revenue was \$4.1 million less when compared to last year. This is due primarily to recording wireless telecommunications receipts (collected as part of the City's Utility User Tax) as deferred revenue (a liability account). UUT deferred revenue totaled \$3.0 million for the year. Recognizing this revenue in the future will be contingent upon the outcome of lawsuits related to the Utility User Tax. Other changes affecting General Government revenues include layoffs that occurred mid-year resulting in lower staff time reimbursements and a drop in code enforcement violations of \$0.5 million. Vehicle License Fee revenues were down by \$0.6 million due to lower assessed values in the City. The CV Housing Authority received a one-time payment in fiscal year 2009-10 of \$2.0 million for an inclusionary housing obligation.

- Public Safety had a decrease of \$0.8 million due to reduced staffing of community service officers that resulted in loss of revenues in some public safety programs most notably \$59,000 for negligent vehicles, \$60,000 for parking citations, \$191,000 in vehicle code violations, \$53,000 for tow referrals. In addition, there were fewer revenues for police reimbursements (\$143,000) and jail revenues from other jurisdictions were down by \$53,000.
- Public Works had an increase of \$4.6 million due to increasing development. Development related revenues were up for development fees (\$1.6 million); building permits (\$0.4 million), traffic signal fees (\$0.2 million) and transportation development impact fee (\$1.7 million).
- Parks and Recreation had an increase of \$1.0 million from the prior year due to the collection of \$1.1 million of park acquisition and development fees.

*Operating Grants and Contributions* for governmental activities showed an increase of \$14.0 million from the previous fiscal year. The material items that make up most of the change are:

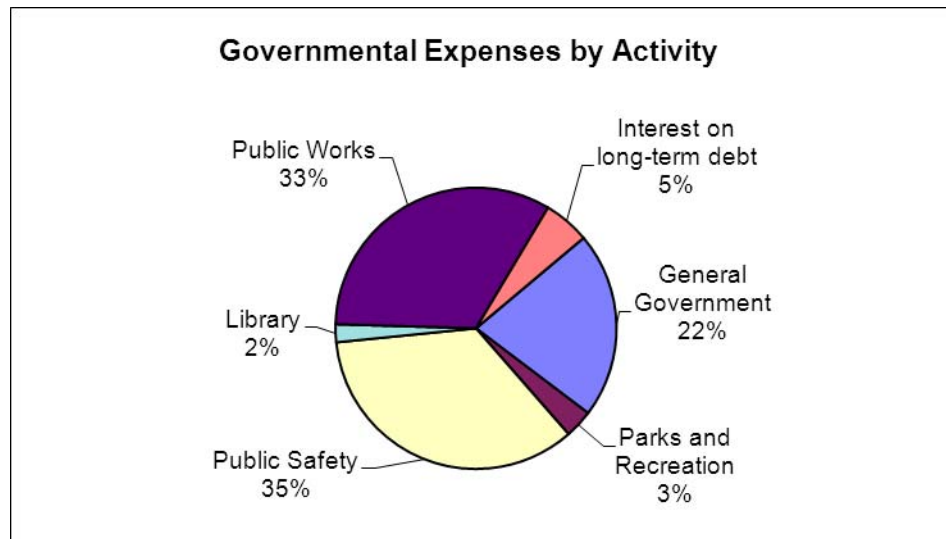
- General Government increased \$4.5 million due to increases in grant reimbursements from HUD that include HOME Partnership funds of \$2.5 million, CDBG Program Income of \$1.3 million and CDBG entitlement funds of \$0.2 million. The City also received increased American Recovery and Reinvestment Act funds of \$0.5 million.
- Public Safety increased by \$0.4 million due to an increase in various law enforcement grants that include; HIDTA \$0.2 million, SLESF \$0.1 million, Office of Traffic Safety \$0.1 million and American Recovery and Reinvestment Act funds of \$0.3 million.
- Public Works had an increase from the prior year of \$8.9 million due to an increase of transportation sales tax funding of \$5.8 million, various energy grants/loans of 2.2 million and American Recovery and Reinvestment Act funds of \$0.9 million.

*Capital Grants and Contributions* for governmental activities had a decrease of \$18.9 million. The major components of this change are made up of:

- The Public Works component accounts for \$18.7 million of the decrease. The City received \$1.7 million less in transportation related grants that are considered Capital Grants.
- In addition there was no developer built contributions reported in fiscal year 2010-11 that makes up the rest of the \$17.2 million decrease.

The City's general revenues as a whole decreased by \$2.8 million due primarily to the deferral of Utility User Tax revenue. During this fiscal year the City began to record deferred revenue for collections of the City's Utility User Tax that is related to wireless telecommunications. Deferral of this revenue results in a \$3.0 million reduction in UUT revenues recognized in fiscal year 2010-11. Recognizing this revenue in the future will be contingent upon the outcome of lawsuits related to the Utility User Tax.

Total governmental activity type expenses were \$217.0 million in fiscal year 2010-11. The largest expenses were incurred for Public Safety, Public Works and General Government. These three activities combined account for 89.4% of all general activity expenses. These expenses do not include capital outlays, which are reflected in the City's capital assets.



Total program revenues from governmental activities were \$112.5 million in fiscal year 2010-11. Per GASB 34, program revenues are derived directly from the program itself or from parties outside the reporting government's taxpayers or citizenry. They reduce the net cost of the function to be financed from the government's general revenues.

General revenues are all other revenues not categorized as program revenues such as property taxes, sales taxes and investment earnings. Total general revenues from governmental activities were \$97.9 million in fiscal year 2010-11. The largest percentage of general revenues received during the year for governmental activities were taxes of \$83.6 million, which included Property Taxes of \$39.4 million and Sales Taxes of \$26.7 million.

### **Business Type Activities**

Net assets for business-type activities were \$226.8 million, a decrease of \$5,278 from the prior fiscal year. Overall expenses for the business-type activities showed a \$0.5 million increase comprised of a \$1.0 million increase for Sewer Fund activities and a decrease of \$0.5 million for Transit activities.

Total program revenues for business-type activities were \$38.7 million that were for sewer fees (\$32.3 million) and bus fares (\$2.5 million). The Metropolitan Transit System, whom the City contracts with to provide transit service, provides a subsidy to make the City whole and is considered an operating grant. Total expenses for the



business-type activities were \$37.5 million and were for expenses related to Sewer (\$30.2 million) and Transit Operations (\$7.1 million).

## **FUND LEVEL FINANCIAL ANALYSIS**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### **Governmental Funds**

The City uses governmental fund accounting to ensure compliance with budgetary allocations and to maintain control over resources that are legally, or otherwise, restricted for specific purposes. The following is a discussion of the individual “major” funds as shown on the Balance Sheet for Governmental Funds in the basic financial statements.

**General Fund** – The General fund is used to account for the general operations of the City. It is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund is always reported as a “major fund”. For the fiscal year the General Fund reported \$126.0 million in revenues and \$127.8 million in expenditures, resulting in revenues under expenditures in the amount of \$1.8 million. After accounting for net other financing sources of \$4.4 million, General Fund fund equity increased by \$2.6 million. Total fund balance at June 30, 2011 was \$35.7 million, composed of \$48.6 million in assets combined with \$12.9 million in liabilities. Total fund balance included \$11.4 million of nonspendable or restricted fund balance, which represents that portion of fund balance that is not available for appropriation. Committed fund balance totaled \$7.2 million. This portion of fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council, and remains binding unless removed in the same manner. Assigned fund balance, totaling \$5.3 million represents that portion of a fund balance that includes amounts that are constrained by the government’s intent to be used for specific purposes, but that are neither restricted nor committed. The City Council has delegated its authority to assign fund balance amounts to the City’s Director of Finance. The final component of total fund balance is unassigned fund balance. Totalling \$11.9 million, this is the portion of fund balance that is available for appropriation for any purpose. Unassigned fund balance represents 9.3% of total fiscal year 2010-11 General Fund expenditures.

**Sundry Grants Fund** – The Sundry Grants fund is to account for miscellaneous grants such as: Supplemental Law Enforcement Services, California Library Services Act, Public Library Act, Asset Seizure, Local Law Enforcement Block Grants, federal library grants, waste management and recycling, energy conservation, parks and recreation, social service grants, Gayle McCandliss memorial cultural arts, federal assistance,

CDBG program income projects, HOME project, and Community Development Block grants.

The Sundry Grants Fund had total revenues of \$21.4 million and expenditures of \$23.0 million, resulting in revenues under expenditures in the amount of \$(-1.6) million. After accounting for net other financing uses of \$(-0.7) million, Sundry Grants Fund equity decreased by \$(-2.2) million for the fiscal year. Fund equity decreased due to the use of Sundry Grants reserves that had been collected in previous years but not spent until fiscal year 2010-11. Total fund balance at June 30, 2011 was \$8.6 million composed of nonspendable (\$3.0 million) and restricted (\$5.6 million) fund balances.

***Redevelopment Agency Special Revenue Fund*** - This fund also known as the Low and Moderate Income Housing Fund is used to account for the 20% set aside of Redevelopment tax increment as required by California Redevelopment Law. For the year, this fund received \$2.8 million in Redevelopment tax increment. This combined with other resources, made up mostly of investment and other interest earnings totaling \$89,390, providing total operating revenues of \$2.9 million. Housing expenditure activities totaled \$0.6 million and were mostly for administrative costs. Financing uses of \$(-4.4) million combined with revenue and expenditure items resulted in a net decrease to fund balance of \$(-2.1) million for a year end fund balance total of \$12.1 million. The \$4.4 million of financing uses was used to acquire property and to pay city overhead charges.

***Redevelopment Agency Debt Service Fund*** – This fund was established to account for tax levies, other revenues and payments of principal and interest on Redevelopment Agency loans and outstanding bonds. Revenues totaled \$96,717, composed of mainly investment and other interest earnings. Expenditures totaled \$3.9 million made up of principal (\$1.1 million) and interest payments (\$2.1 million) on bonded debt, interest accruals on interfund loans of \$678,138, and trustee expenditures of \$10,495. Net transfers for this fund totaled a positive \$14.9 million for the year. The transfers received were for loan repayments to the General Fund (\$12.1 million) and Bayfront/Town Center I project area (\$468,971), and principal and interest payments on bonded debt (\$3.1 million). There was a transfer to the Agency of \$856,613 as a loan from the Low and Moderate Income Housing Fund for the FY2010-11 SERAF payment.

The fund balance increased by \$11.1 million from \$(-29.8) million to \$(-18.8) million. Fund balance is comprised of \$3.6 million (bond reserve funds) of assets and \$22.4 million in liabilities. The liability amount is for principal and accrued interest on interfund loans to the General Fund (\$12.6 million), Low and Moderate Income Housing fund (\$5.0 million) and between redevelopment operating funds (\$4.7 million). Management anticipates that these interfund loans will be repaid over time with future tax increment revenues.

***City Debt Service Fund*** – This fund was established to account for the principal and interest payments on the City's interfund debt. At June 30, 2011, this fund had a fund

balance of \$(-36.6) million. The unassigned fund balance increased by \$10.2 million due to a Park Acquisition Development fund loan of \$9.6 million for the acquisition of the KOA property and the accrual of interest (\$0.9 million) on interfund loan principal balances.

***Development Impact Fund*** – This fund was established as a depository for various development impact fees. The fees are levied against all new development in the City in order to pay for the construction or improvement of public facilities as a result of City growth.

Total revenues for this fund totaled \$7.3 million with \$7.1 million attributable to building permit fees for new development and the remaining amount for investment and interest earnings. Expenditures totaled \$2.5 million comprised of mostly activity in the Transportation DIF in which \$1.8 million was spent to widen Otay Lakes Road and the remaining \$0.4 million for other transportation planning and traffic calming projects. Total fund equity increased by \$4.8 million for the year. At June 30, 2011 this fund had a fund balance totaling \$40.2 million, comprised of \$42.8 million in assets, mostly cash (\$30.8 million) and Advances to Other Funds (\$11.3 million) and \$2.6 million in liabilities of which \$2.3 million is for deferred revenue. Deferred revenue accounts for the prepayment of development impact fees before the actual building permit has been applied for. Revenue will be recognized once the permit application has been granted.

***Park Acquisition Development*** - This fund was established as a depository for fees collected from developers for the purpose of providing park and recreational facilities directly benefiting and serving residents of the regulated subdivision. This in-lieu fee was adopted by the City to acquire neighborhood and community parkland and to construct parks and recreational facilities.

Total revenues for this fund totaled \$1.3 million with \$1.1 million attributable to building permit fees for new development and the remaining amount for investment and interest earnings. Expenditures totaled \$10.9 million comprised of the purchase of land from the City's Redevelopment Agency for an appraised value of \$9.6 million and \$1.2 million in capital expenditures. The capital improvements were for All Seasons Park (\$1.0 million), San Miguel Ranch Community Park (\$118,355), Sunset View Park Roller Rink (\$46,167) and Otay Ranch Community Park (\$30,942). Total fund equity increased by \$99,082 for the year. At June 30, 2011 this fund had a fund balance totaling \$31.7 million, comprised of \$31.9 million in assets, mostly cash (\$22.1 million) and Advances to Other Funds (\$9.7 million) and \$175,556 in liabilities.

## **Proprietary Funds**

The City's Sewer Fund is reported as a "major" fund on the Statement of Net Assets for Proprietary Funds in the basic financial statements.

**Sewer Fund**– The Sewer fund is used to account for all activities related to providing sewer service to the residents of Chula Vista. Resources for the fund come primarily from sewer service charges paid for by users of the system. For the year these charges totaled \$32.2 million. In addition, non-operating revenues totaling \$1.2 million were realized. These are made up of investment income (\$1.2 million), other revenue (\$0.4 million) and a gain on sale of assets (\$6,805). Operating expenditures totaled \$30.3 million for the year with the single biggest item being the cost of wastewater treatment by the City of San Diego in the amount of \$18.1 million. After accounting for all revenues and expenses, both operating and non-operating, net assets of the fund increased by \$475,709 for the year, totaling \$217.1 million as of June 30, 2011. Of total net assets, \$142 million is for sewer system infrastructure such as pump stations, sewer lines and other related equipment and therefore not available to fund the day-to-day operations of the sewer system. The current portion of net assets totals \$57.8 million comprised of cash and investments (\$53.2 million) and accounts receivable of \$4.5 million. Fund liabilities at the end of the fiscal year were \$768,949, of which \$599,198 were considered current liabilities. The fund has no outstanding bonded debt.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The final amended general fund budget totaled \$137,790,980 including \$3,664,639 in budget amendments to the originally adopted budget and encumbrances of \$895,318, which will fund contractual obligations and outstanding purchase orders. The General Fund's budget amendments of \$3,664,639 are summarized as follows:

<b>Budget Amendments</b>	<b>Appropriation</b>
Hourly Staff Funded by CAL ID Program	\$ 95,000
Bonita Canyon Drainage Repairs	150,000
Grant Funded Chief Service Officer	86,340
Leap into Reading Grant Carryover	2,000
Funding to Close Completed Capital Improvement Projects	25,344
Red Cross Grant	133,333
Contract Amendment with Imperial Beach for Animal Control	52,251
Collection Agency contract for Library Fines	25,000
Heritage Museum Photo Contest	9,600
Online Homework Help Program	20,000
Energy and Water Conservation Services	12,660
Third Avenue Streetscape Improvements	2,500,000
Main Street Planning Project	500,000
SDG&E Refund for HVAC Repairs	3,982
SDG&E Reimbursement for Trenching Expense	46,134
Reimbursement From PSAR for Bike CV Initiative	2,995
	\$ 3,664,639

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

The City's investment in capital assets for its governmental and business type activities as of June 30, 2011, amounts to \$956.0 million, net of accumulated depreciation of \$405.9 million. This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the City such as roads, bridges, streets and sidewalks, drainage systems, lighting systems and similar items. The total decrease in the City's investment in capital assets for the current fiscal year was \$(-13.6) million, net of accumulated depreciation.

Major capital asset additions during the current fiscal year are discussed in the City Highlights section of this document.

Additional information on the City's capital assets can be found in Note 5 of the notes to the financial statements.

### **Debt Administration**

*Long Term Debt* - At June 30, 2011, the City had \$192.8 million in debt outstanding compared to the \$200.6 million last year, a 3.9% net decrease. The majority of this debt is in the form of certificates of participation (\$136.1 million), tax allocation bonds (\$44.0 million), CDBG Section 108 Loan (\$8.9 million) and a pension obligation bond (\$2.7 million). The remainder of the outstanding long-term debt is in the form of vested leave time due to City employees, loans, notes payable, claims and judgments and capital lease obligations. The City has no outstanding general obligation debt. During the fiscal year there were no new debt issuances.

The City has maintained an "A-" rating by Standard & Poors for Certificates of Participation, which represents a "stable outlook."

The Redevelopment Agency was upgraded from an "A" to an "A+" rating for Tax Allocation Bonds from Standard & Poor's. Additional information on the City's long-term debt obligations can be found in Note 6 of the notes to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

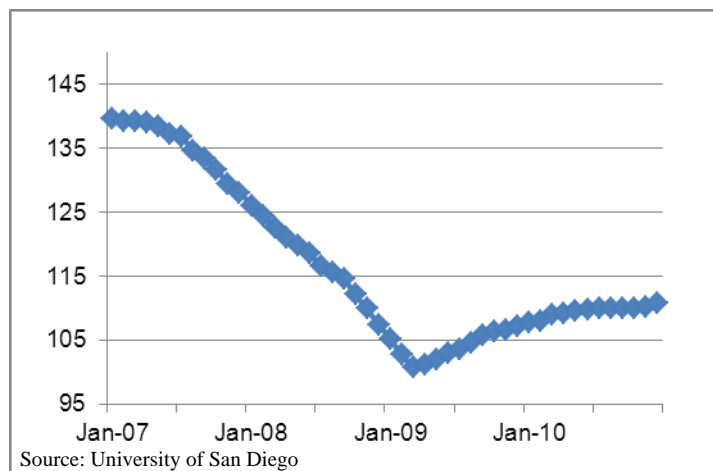
**Assessed Valuation and Property Tax.** According to the County of San Diego Assessors' Office, the city's total assessed valuation (both secured and unsecured) for the 2010-11 fiscal year was \$21,918,450,346. This is a decrease of \$855,635,092 or 3.76% under the 2009-10 assessed valuation. It should be noted that assessed value was set as of January 1, 2010. Actual current secured property tax revenues for the

fiscal year totaled \$22.8 million. This is a decrease of 2.3% when compared to the prior year amount of \$23.3 million.

**Building Activity.** The valuation of all building and related permits totaled \$185.7 million for the 2010-11 fiscal year. This is approximately 77.6% more than the valuation of \$104.6 million for these permit categories in the prior fiscal year. The valuation of building permits issued for residential units totaled \$142.1 million. This is \$69.7 million more than the valuation in the prior year. Permits issued for new non-residential buildings totaled \$19.0 million an increase of \$8.9 million from the prior fiscal year. The valuation of permits issued for alterations or additions to existing buildings totaled \$24.2 million as compared to \$22.0 million in the prior year.

**Local Economy.** The City of Chula Vista felt the effects of the recession earlier than most agencies primarily due to the rapid residential growth experienced through 2005 and the effects of the foreclosure crisis, which eventually spread across the Country. The University of San Diego's Index of Leading Economic Indicators for San Diego County rose 0.7 percent in May. The gain was led by increases in job postings and an increase in the leading economic indicators for the national economy. With the exception of a slight drop in consumer confidence, all other economic indicators rose in the month of May including initial claims for unemployment insurance, stock prices and building permits.<sup>1</sup>

San Diego Index of Leading Economic Indicators



The outlook for the local economy continues to be positive. One area where things are picking up is the labor market, with 24,700 jobs added in San Diego County between March 2010 and March 2011. While the gain is welcome, the local economy still has a long way to go to fully recover. At the March rate of job growth, it will take another four years to get back to the same local level of employment as the peak in December 2007.<sup>2</sup>

According to the California Department of Finance, Chula Vista moved up in ranking to become the 14<sup>th</sup> largest incorporated city in the state between 2000 and 2010. However, during the same time period, the number of housing unit vacancies increased by 117.9%. Although the County realized gains in the number of building permits

<sup>1</sup> University of San Diego School of Business Administration, USD Index of Leading Economic Indicators, June 29, 2011.

<sup>2</sup> University of San Diego School of Business Administration, USD Index of Leading Economic Indicators, April 28, 2011.

authorized, the housing market continues to show instability. June 2011 home prices in San Diego County were down 1.6% from a year ago according to DataQuick, a real estate analytical firm based in San Diego. The reported median price for all home sales was \$330,000. Two of Chula Vista's five zip codes saw decreases in the median price of single-family residences while two zip codes increased, one remained unchanged according to the report. As most cities and counties across the nation, Chula Vista continues to move forward in its economic recovery.

#### **Data for June 2011 Compared to June 2010**

Zip Code	Locale	Median Price		Percent Change
		2010	2011	
91910	North	\$323,000	\$341,250	5.7%
91911	South	\$310,000	\$249,000	-19.7%
91913	Eastlake	\$385,000	\$347,500	-9.7%
91914	NE	\$467,500	\$490,500	4.9%
91915	SE	\$385,000	\$385,000	0.0%

**Fiscal Year 2011-12 Budget.** The City ended the 2010-11 fiscal year with unassigned fund balance of \$11.9 million. An amount of \$3.0 million of committed fund balance at June 30, 2011 is being used to fund operations in fiscal year 2011-12.

In June 2011, the Chula Vista City Council adopted the 2011-12 annual operating budget which provides \$289.5 million in appropriations to fund all City operating activities. The General Fund budget totaled \$124.6 million. Due to the economic uncertainties caused by the slow economic recovery and the ever increasing threat of the State diverting City revenues to balance its own budget, the City continues to adopt only a one-year budget.

The current national mortgage crisis continues to cause a decrease in turnover in the local housing market, resulting in a slowdown in property tax growth. Based on information received from the San Diego County Assessor, Chula Vista's growth in net taxable assessed value for fiscal year 2011-12 is negative 0.11%. This rate of growth can be compared to the 2009-10 negative growth rate of 3.76%. Management anticipated this slowdown in the housing market, and its effects on property tax revenue growth, as well as the overall condition of the economy, and adjusted revenue estimates in the 2011-12 budget accordingly.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City's finances for all of its citizens, taxpayers, customers, investors and creditors. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Chula Vista, Finance Department, 276 Fourth Avenue, Chula Vista, CA 91910.

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# **BASIC FINANCIAL STATEMENTS**

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CITY OF  
**CHULA VISTA**

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# GOVERNMENT-WIDE FINANCIAL STATEMENTS

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**City of Chula Vista**  
**Statement of Net Assets**  
**June 30, 2011**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and investments	\$ 134,464,312	\$ 62,516,958	\$ 196,981,270
Receivables:			
Accounts	1,305,287	4,489,602	5,794,889
Taxes	10,421,159	-	10,421,159
Interest	288,385	142,096	430,481
Other	930,745	59,900	990,645
Due from other governments	8,206,609	-	8,206,609
Inventories and prepaid items	347,490	46,741	394,231
Total current assets	155,963,987	67,255,297	223,219,284
<b>Noncurrent assets:</b>			
Restricted cash and investments:			
Held by city	6,356,784	-	6,356,784
Held by fiscal agent	17,071,185	-	17,071,185
Loans receivable	39,095,809	-	39,095,809
Internal balances	(14,066,534)	14,066,534	-
Deferred charges, net	1,209,573	-	1,209,573
Net pension assets	3,175,108	-	3,175,108
Non-depreciable capital assets	107,645,021	2,702,040	110,347,061
Depreciable capital assets, net	701,828,710	143,848,545	845,677,255
Total noncurrent assets	862,315,656	160,617,119	1,022,932,775
<b>Total assets</b>	<b>1,018,279,643</b>	<b>227,872,416</b>	<b>1,246,152,059</b>

See accompanying Notes to Basic Financial Statements.

**City of Chula Vista**  
**Statement of Net Assets, Continued**  
**June 30, 2011**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued liabilities	12,904,717	616,771	13,521,488
Interest payable	3,205,951	-	3,205,951
Unearned revenue	9,289,397	300,002	9,589,399
Compensated absences - due within one year	4,000,000	-	4,000,000
Claims payable - due within one year	4,200,000	-	4,200,000
Long-term debt - due within one year	8,416,039	-	8,416,039
Total current liabilities	42,016,104	916,773	42,932,877
<b>Noncurrent liabilities:</b>			
Retention payable	462,791	-	462,791
Developer deposits	11,871,594	-	11,871,594
Pollution Remediation Obligation	650,000	-	650,000
Arbitrage liability	24,426	-	24,426
Net OPEB liability	3,553,000	-	3,553,000
Compensated absences - due in more than one year	2,797,511	190,850	2,988,361
Claims payable - due in more than one year	18,232,093	-	18,232,093
Long-term debt - due in more than one year	184,363,307	-	184,363,307
Total noncurrent liabilities	221,954,722	190,850	222,145,572
<b>Total liabilities</b>	<b>263,970,826</b>	<b>1,107,623</b>	<b>265,078,449</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	634,409,385	146,550,585	780,959,970
Restricted:			
Community development	21,809,425	-	21,809,425
Debt service	17,232,590	-	17,232,590
Capital projects	8,126,621	-	8,126,621
Total restricted	47,168,636	-	47,168,636
Unrestricted	72,730,796	80,214,208	152,945,004
<b>Total net assets</b>	<b>\$ 754,308,817</b>	<b>\$ 226,764,793</b>	<b>\$ 981,073,610</b>

See accompanying Notes to Basic Financial Statements.

**City of Chula Vista**  
**Statement of Activities and Changes in Net Assets**  
**For the year ended June 30, 2011**

Functions/Programs	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Program Revenues
<b>Primary government:</b>					
<b>Governmental activities:</b>					
General government	\$ 46,457,112	\$ 29,785,079	\$ 8,679,241	\$ 277,657	\$ 38,741,977
Public safety	75,664,246	7,989,893	8,471,932	-	16,461,825
Public works	71,857,158	33,378,070	14,622,569	4,503,603	52,504,242
Parks and recreation	6,995,489	3,599,653	8,168	365	3,608,186
Library	4,509,999	967,908	194,908	-	1,162,816
Interest on long-term debt	11,538,707	-	-	-	-
Total governmental activities	217,022,711	75,720,603	31,976,818	4,781,625	112,479,046
<b>Business-type activities:</b>					
Sewer	30,245,584	32,257,256	-	-	32,257,256
Transit	7,075,998	2,534,385	3,340,200	-	5,874,585
Bayfront Trolley Station	91,788	-	91,788	-	91,788
Sewer DIFS	123,629	443,599	-	-	443,599
Total business-type activities	37,536,999	35,235,240	3,431,988	-	38,667,228
<b>Total primary government</b>	<b>\$ 254,559,710</b>	<b>\$ 110,955,843</b>	<b>\$ 35,408,806</b>	<b>\$ 4,781,625</b>	<b>\$ 151,146,274</b>

See accompanying Notes to Basic Financial Statements.

**City of Chula Vista**  
**Statement of Activities and Changes in Net Assets**  
**For the year ended June 30, 2011**

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>			
<b>Governmental activities:</b>			
General government	\$ (7,715,135)	\$ -	\$ (7,715,135)
Public safety	(59,202,421)	-	(59,202,421)
Public works	(19,352,916)	-	(19,352,916)
Parks and recreation	(3,387,303)	-	(3,387,303)
Library	(3,347,183)	-	(3,347,183)
Interest on long-term debt	(11,538,707)	-	(11,538,707)
Total governmental activities	(104,543,665)	-	(104,543,665)
<b>Business-type activities:</b>			
Sewer	-	2,011,672	2,011,672
Transit	-	(1,201,413)	(1,201,413)
Bayfront Trolley Station	-	-	-
Sewer DIFS	-	319,970	319,970
Total business-type activities	-	1,130,229	1,130,229
<b>Total primary government</b>	(104,543,665)	1,130,229	(103,413,436)
<b>General revenues:</b>			
Taxes:			
Property taxes	39,437,025	-	39,437,025
Sales taxes	26,702,443	-	26,702,443
Property transfer taxes	777,016	-	777,016
Franchise taxes	8,260,411	-	8,260,411
Utilities user taxes	4,943,679	-	4,943,679
Business license taxes	1,085,247	-	1,085,247
Transient occupancy taxes	2,058,878	-	2,058,878
Construction taxes	360,156	-	360,156
Total taxes	83,624,855	-	83,624,855
Investment earnings	9,108,662	1,288,478	10,397,140
Miscellaneous	5,193,653	1,013,733	6,207,386
<b>Transfers</b>	3,437,718	(3,437,718)	-
<b>Total general revenues and transfers</b>	101,364,888	(1,135,507)	100,229,381
<b>Change in net assets</b>	(3,178,777)	(5,278)	(3,184,055)
<b>Net assets - beginning of year</b>	757,487,594	226,770,071	984,257,665
<b>Net assets - end of year</b>	\$ 754,308,817	\$ 226,764,793	\$ 981,073,610

See accompanying Notes to Basic Financial Statements.



CITY OF  
**CHULA VISTA**

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# FUND FINANCIAL STATEMENTS

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CITY OF  
**CHULA VISTA**

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# GOVERNMENTAL FUND FINANCIAL STATEMENTS

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**City of Chula Vista**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2011**

	Major Funds				
	General Fund	Sundry Grants Special Revenue Fund	RDA Special Revenue Fund	RDA Debt Service Fund	City Debt Service Fund
<b>ASSETS</b>					
Cash and investments	\$ 19,641,248	\$ 3,406,332	\$ 2,731,763	\$ 5,524	\$ -
Receivables:					
Accounts	790,544	373,432	-	-	-
Taxes	9,379,494	99,265	-	-	-
Interest	21,885	6,834	12,211	55	-
Loans	106,531	15,821,139	20,423,547	-	-
Other	123,705	-	-	-	-
Due from other funds	3,717,477	-	2,202,044	-	-
Due from other governments	672,822	5,975,690	-	-	-
Advances to other funds	14,150,004	-	5,046,796	-	-
Inventories and prepaid items	72,852	274,638	-	-	-
Restricted cash and investments:					
Held by City	-	5,726,699	630,085	-	-
Held by fiscal agents	-	-	-	3,573,716	-
<b>Total assets</b>	<b>\$ 48,676,562</b>	<b>\$ 31,684,029</b>	<b>\$ 31,046,446</b>	<b>\$ 3,579,295</b>	<b>\$ -</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 5,964,280	\$ 1,893,509	\$ 168	\$ -	\$ -
Due to other funds	-	5,177,070	-	-	-
Retention payable	3,351	255,838	-	-	-
Advances from other funds	-	-	-	22,356,648	36,617,176
Developer deposits	-	-	-	-	-
Deferred revenue	6,968,532	15,750,333	18,962,722	-	-
<b>Total liabilities</b>	<b>12,936,163</b>	<b>23,076,750</b>	<b>18,962,890</b>	<b>22,356,648</b>	<b>36,617,176</b>
<b>Fund Balances:</b>					
Nonspendable	11,258,150	571,880	6,507,622	-	-
Restricted	127,883	8,035,399	5,575,934	3,579,294	-
Committed	7,178,838	-	-	-	-
Assigned	5,298,536	-	-	-	-
Unassigned	11,876,992	-	-	(22,356,647)	(36,617,176)
<b>Total fund balances</b>	<b>35,740,399</b>	<b>8,607,279</b>	<b>12,083,556</b>	<b>(18,777,353)</b>	<b>(36,617,176)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 48,676,562</b>	<b>\$ 31,684,029</b>	<b>\$ 31,046,446</b>	<b>\$ 3,579,295</b>	<b>\$ -</b>

See accompanying Notes to Basic Financial Statements.

**City of Chula Vista**  
**Balance Sheet, Continued**  
**Governmental Funds**  
**June 30, 2011**

	Major Funds		Other	Total
	Development	Park Acquisition	Governmental	Governmental
	Impact Fund	Development Fund	Funds	Funds
<b>ASSETS</b>				
Cash and investments	\$ 30,834,702	\$ 22,140,879	\$ 53,580,499	\$ 132,340,947
Receivables:				
Accounts	-	-	141,311	1,305,287
Taxes	-	-	942,400	10,421,159
Interest	113,985	52,320	77,108	284,398
Loans	-	-	2,744,592	39,095,809
Other	485,548	-	288,117	897,370
Due from other funds	-	-	39,012	5,958,533
Due from other governments	-	-	1,558,097	8,206,609
Advances to other funds	11,327,322	9,681,138	4,702,030	44,907,290
Inventories and prepaid items	-	-	-	347,490
Restricted cash and investments:				
Held by City	-	-	-	6,356,784
Held by fiscal agents	-	-	13,497,469	17,071,185
<b>Total assets</b>	<b>\$ 42,761,557</b>	<b>\$ 31,874,337</b>	<b>\$ 77,570,635</b>	<b>\$ 267,192,861</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 266,830	\$ 120,131	\$ 4,349,438	\$ 12,594,356
Due to other funds	-	-	781,463	5,958,533
Retention payable	-	4,290	199,312	462,791
Advances from other funds	-	-	-	58,973,824
Developer deposits	-	-	11,871,594	11,871,594
Deferred revenue	2,336,366	51,135	7,629,420	51,698,508
<b>Total liabilities</b>	<b>2,603,196</b>	<b>175,556</b>	<b>24,831,227</b>	<b>141,559,606</b>
<b>Fund Balances:</b>				
Nonspendable	10,680,000	-	3,910,347	32,927,999
Restricted	29,478,361	31,698,781	31,576,967	110,072,619
Committed	-	-	17,370,613	24,549,451
Assigned	-	-	-	5,298,536
Unassigned	-	-	(118,519)	(47,215,350)
<b>Total fund balances</b>	<b>40,158,361</b>	<b>31,698,781</b>	<b>52,739,408</b>	<b>125,633,255</b>
<b>Total liabilities and fund balances</b>	<b>\$ 42,761,557</b>	<b>\$ 31,874,337</b>	<b>\$ 77,570,635</b>	<b>\$ 267,192,861</b>

See accompanying Notes to Basic Financial Statements.



CITY OF  
**CHULA VISTA**

# City of Chula Vista

## Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets June 30, 2011

<b>Total Fund Balances - Total Governmental Funds</b>	<b>\$ 125,633,255</b>
Amounts reported for governmental activities in the Statement of Net Assets were different because:	
Deferred charges, such as bond issuance costs, were expenditures in the fund financial statements but were deferred and subject to capitalization and amortization on the Government-Wide Statement of Net Assets.	1,209,573
Net pension assets were not available to pay for current period expenditures and therefore were not recorded in the governmental funds.	3,175,108
Capital assets used in governmental activities were not financial resources and therefore were not reported in governmental funds.	
Government-Wide Financial Statements	809,473,731
Less: Internal Service Funds' Capital Assets	(964,510)
Total capital assets	808,509,221
Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in Governmental Funds Balance Sheet.	(3,205,951)
Long-term liabilities were not due and payable in the current period and therefore were not reported in the governmental funds.	
Amount reported in Government-Wide Statement of Net Assets:	
Compensated absences - due within one year	(4,000,000)
Compensated absences - due in more than one year	(2,797,511)
Claims payable - due within one year	(4,200,000)
Claims payable - due in more than one year	(18,232,093)
Long-term debt - due within one year	(8,416,039)
Long-term debt - due in more than one year	(184,363,307)
Pollution Remediation Obligation	(650,000)
Arbitrage liability	(24,426)
Net OPEB liability	(3,553,000)
Less: Amount reported in Internal Service Funds	
Compensated absences - due in more than one year	62,702
Total long-term liabilities	(226,173,674)
Deferred revenues recorded in governmental fund financial statements resulting from activities in which revenues were earned but funds were not available were recognized as revenues in the Government-Wide Financial Statements.	
Amounts reported in Government-Wide Statement of Net Assets	(9,289,397)
Amounts reported in Governmental Fund Financial Statements	51,698,508
Total adjustments on deferred revenues	42,409,111
Internal service funds were used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds were included in governmental activities in the Government-Wide Statement of Net Assets.	2,752,174
<b>Net Assets of Governmental Activities</b>	<b>\$ 754,308,817</b>

See accompanying Notes to Basic Financial Statements.

# City of Chula Vista

## Statement of Revenues, Expenditures and Changes in Fund Balance

### Governmental Funds

For the year ended June 30, 2011

	Major Funds				
	General Fund	Sundry Grants Special Revenue Fund	RDA Special Revenue Fund	RDA Debt Service Fund	City Debt Service Fund
<b>REVENUES:</b>					
Taxes	\$ 69,441,761	\$ -	\$ 2,764,588	\$ -	\$ -
Intergovernmental	18,748,469	20,121,565	-	-	-
Licenses and permits	2,777,946	-	-	-	-
Developer fees	-	-	-	-	-
Charges for services	9,721,746	1,029,040	-	-	-
Fines and forfeitures	1,708,846	-	-	-	-
Use of money and property	6,923,963	55,235	89,340	96,674	-
Other	16,689,172	241,100	50	43	-
<b>Total revenues</b>	<b>126,011,903</b>	<b>21,446,940</b>	<b>2,853,978</b>	<b>96,717</b>	<b>-</b>
<b>EXPENDITURES:</b>					
Current:					
General government	28,568,063	5,139,261	557,097	10,495	-
Public safety	64,872,225	5,276,474	-	-	-
Public works	26,071,616	4,881,144	-	-	-
Parks and recreation	4,030,767	-	-	-	-
Library	3,870,646	-	-	-	-
Capital outlay	428,936	7,739,089	-	-	-
Debt service:					
Principal	-	-	-	1,110,000	-
Interest and fiscal charges	-	-	-	2,772,143	902,567
<b>Total expenditures</b>	<b>127,842,253</b>	<b>23,035,968</b>	<b>557,097</b>	<b>3,892,638</b>	<b>902,567</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,830,350)</b>	<b>(1,589,028)</b>	<b>2,296,881</b>	<b>(3,795,921)</b>	<b>(902,567)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Issuance of debt	-	42,286	-	-	-
Proceeds from sale of property	-	-	-	-	-
Transfers in	11,304,257	350,761	-	15,717,464	353,826
Transfers out	(6,915,308)	(1,048,066)	(4,394,500)	(856,613)	(9,630,000)
<b>Total other financing sources (uses)</b>	<b>4,388,949</b>	<b>(655,019)</b>	<b>(4,394,500)</b>	<b>14,860,851</b>	<b>(9,276,174)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>2,558,599</b>	<b>(2,244,047)</b>	<b>(2,097,619)</b>	<b>11,064,930</b>	<b>(10,178,741)</b>
<b>FUND BALANCE (DEFICIT):</b>					
Beginning of year	33,181,800	10,851,326	14,181,175	(29,842,283)	(26,438,435)
End of year	\$ 35,740,399	\$ 8,607,279	\$ 12,083,556	\$ (18,777,353)	\$ (36,617,176)

See accompanying Notes to Basic Financial Statements.

# City of Chula Vista

## Statement of Revenues, Expenditures and Changes in Fund Balance, Continued

### Governmental Funds

For the year ended June 30, 2011

	Major Funds			
	Development Impact Fund	Park Acquisition Development Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ 16,672,315	\$ 88,878,664
Intergovernmental	-	-	9,307,673	48,177,707
Licenses and permits	-	-	109,204	2,887,150
Developer fees	7,103,802	1,138,382	8,256,560	16,498,744
Charges for services	-	-	992,719	11,743,505
Fines and forfeitures	-	-	639,719	2,348,565
Use of money and property	230,779	192,233	1,128,400	8,716,624
Other	-	-	11,232,946	28,163,311
<b>Total revenues</b>	<b>7,334,581</b>	<b>1,330,615</b>	<b>48,339,536</b>	<b>207,414,270</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	5,426,480	39,701,396
Public safety	-	-	545,080	70,693,779
Public works	177,459	-	16,926,010	48,056,229
Parks and recreation	-	-	-	4,030,767
Library	-	-	-	3,870,646
Capital outlay	2,322,663	10,861,533	12,862,800	34,215,021
Debt service:				
Principal	-	-	6,801,995	7,911,995
Interest and fiscal charges	-	-	7,419,396	11,094,106
<b>Total expenditures</b>	<b>2,500,122</b>	<b>10,861,533</b>	<b>49,981,761</b>	<b>219,573,939</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>4,834,459</b>	<b>(9,530,918)</b>	<b>(1,642,225)</b>	<b>(12,159,669)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Issuance of debt	-	-	-	42,286
Proceeds from sale of property	-	-	9,630,000	9,630,000
Transfers in	-	9,630,000	19,633,275	56,989,583
Transfers out	(69,192)	-	(30,638,186)	(53,551,865)
<b>Total other financing sources (uses)</b>	<b>(69,192)</b>	<b>9,630,000</b>	<b>(1,374,911)</b>	<b>13,110,004</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>4,765,267</b>	<b>99,082</b>	<b>(3,017,136)</b>	<b>950,335</b>
<b>FUND BALANCE (DEFICIT):</b>				
Beginning of year	35,393,094	31,599,699	55,756,544	124,682,920
End of year	\$ 40,158,361	\$ 31,698,781	\$ 52,739,408	\$ 125,633,255

See accompanying Notes to Basic Financial Statements.



# City of Chula Vista

## Reconciliation of the Governmental Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets For the year ended June 30, 2011

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 950,335</b>
Amounts reported for governmental activities in the Statement of Activities were different because:	
Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period.	17,572,567
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the Governmental Funds. This amount did not include the depreciation expense for Internal Service Funds in the amount of \$474,277.	(24,918,979)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) decreased net assets.	(753)
The issuance of long-term liabilities provided current financial resources to governmental funds, but issuing debt increased long-term liabilities in the Government-Wide Statement of Net Assets. Repayment of long-term liabilities was an expenditures in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Assets.	
Issuance of long-term debt	(42,286)
Principal payment of long-term debt	7,911,995
Amortization expenses were reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they did not require the use of current financial resources. Therefore, amortization expenses were not reported as expenditures in the Governmental Funds.	
Bond premium and discount	(83,848)
Deferred charges	(40,295)
Net pension assets	(2,426,439)
Certain long-term liabilities were reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they did not require the use of current financial resources. Therefore, long-term liabilities were not reported as expenditures in governmental funds. These amounts represented the changes in long-term liabilities from prior year.	
Changes in compensated absences	(72,838)
Changes in claims payable	(3,630,489)
Changes in net OPEB liabilities	(1,004,000)
Interest expense on long-term debt was reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it did not require the use of current financial resources. This amount represented the change in accrued interest from prior year.	(320,458)
Interest earned on long-term receivables did not provide current financial resources were not reported as revenues in the Governmental Funds.	2,974,514
Internal service funds were used by management to charge the costs of certain activities to individual funds. The net revenue of internal service funds was reported with governmental activities.	(47,803)
<b>Change in Net Assets of Governmental Activities</b>	<b>\$ (3,178,777)</b>

See accompanying Notes to Basic Financial Statements.

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# PROPRIETARY FUND FINANCIAL STATEMENTS

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**City of Chula Vista**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2011**

	Major Fund Sewer Fund	Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Funds
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 53,165,934	\$ 9,351,024	\$ 62,516,958	\$ 2,123,365
Receivables:				
Accounts	4,489,602	-	4,489,602	-
Interest	119,411	22,685	142,096	3,987
Other	-	59,900	59,900	33,375
Prepaid items	1,741	45,000	46,741	-
Total current assets	57,776,688	9,478,609	67,255,297	2,160,727
Noncurrent assets				
Advances to other funds	18,105,978	-	18,105,978	-
Capital assets, net	142,013,433	4,537,152	146,550,585	964,510
Total noncurrent assets	160,119,411	4,537,152	164,656,563	964,510
<b>Total assets</b>	<b>217,896,099</b>	<b>14,015,761</b>	<b>231,911,860</b>	<b>3,125,237</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable and accrued liabilities	599,198	17,573	616,771	310,361
Unearned revenue	-	300,002	300,002	-
Total current liabilities	599,198	317,575	916,773	310,361
Noncurrent liabilities:				
Advances from other funds	-	4,039,444	4,039,444	-
Compensated absences	169,751	21,099	190,850	62,702
Total noncurrent liabilities	169,751	4,060,543	4,230,294	62,702
<b>Total liabilities</b>	<b>768,949</b>	<b>4,378,118</b>	<b>5,147,067</b>	<b>373,063</b>
<b>Net Assets:</b>				
Invested in capital assets	142,013,433	4,537,152	146,550,585	964,510
Unrestricted	75,113,717	5,100,491	80,214,208	1,787,664
<b>Total net assets</b>	<b>\$ 217,127,150</b>	<b>\$ 9,637,643</b>	<b>\$ 226,764,793</b>	<b>\$ 2,752,174</b>

See accompanying Notes to Basic Financial Statements.

**City of Chula Vista**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**Proprietary Funds**  
**For the year ended June 30, 2011**

	Major Fund Sewer Fund	Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Funds
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 32,257,256	\$ 2,977,984	\$ 35,235,240	\$ 4,017,705
Other	377,716	636,017	1,013,733	16,604
<b>Total operating revenues</b>	<b>32,634,972</b>	<b>3,614,001</b>	<b>36,248,973</b>	<b>4,034,309</b>
<b>OPERATING EXPENSES:</b>				
Operations and administration	23,343,558	6,272,348	29,615,906	3,694,131
Maintenance	1,237,361	48,938	1,286,299	-
Depreciation	5,671,470	907,202	6,578,672	474,277
<b>Total operating expenses</b>	<b>30,252,389</b>	<b>7,228,488</b>	<b>37,480,877</b>	<b>4,168,408</b>
<b>OPERATING INCOME (LOSS)</b>	<b>2,382,583</b>	<b>(3,614,487)</b>	<b>(1,231,904)</b>	<b>(134,099)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Intergovernmental	-	3,431,988	3,431,988	-
Interest income	1,192,042	96,436	1,288,478	18,185
Interest expense	-	(62,927)	(62,927)	-
Gain (loss) on disposal of capital assets	6,805	-	6,805	68,111
<b>Total nonoperating revenues (expenses)</b>	<b>1,198,847</b>	<b>3,465,497</b>	<b>4,664,344</b>	<b>86,296</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>3,581,430</b>	<b>(148,990)</b>	<b>3,432,440</b>	<b>(47,803)</b>
<b>TRANSFERS:</b>				
Transfers out	(3,105,721)	(331,997)	(3,437,718)	-
<b>Total transfers</b>	<b>(3,105,721)</b>	<b>(331,997)</b>	<b>(3,437,718)</b>	<b>-</b>
<b>CHANGE IN NET ASSETS</b>	<b>475,709</b>	<b>(480,987)</b>	<b>(5,278)</b>	<b>(47,803)</b>
<b>NET ASSETS:</b>				
Beginning of year	216,651,441	10,118,630	226,770,071	2,799,977
End of year	\$ 217,127,150	\$ 9,637,643	\$ 226,764,793	\$ 2,752,174

See accompanying Notes to Basic Financial Statements.

**City of Chula Vista**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2011**

	Major Fund Sewer Fund	Nonmajor Enterprise Fund	Total	Governmental Activities Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$ 32,522,323	\$ 2,346,803	\$ 34,869,126	\$ -
Cash received from (payments to) other funds	(287,796)	62,928	(224,868)	4,021,224
Cash payments to supplier and employees for goods and services	(24,248,253)	(6,533,163)	(30,781,416)	(3,723,904)
Other operating revenues	377,716	636,017	1,013,733	16,604
Net cash provided (used) by operating activities	8,363,990	(3,487,415)	4,876,575	313,924
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition of capital assets	(741,428)	(3,409)	(744,837)	(67,124)
Proceeds received from disposal of capital assets	6,805	-	6,805	68,111
Net cash provided (used) by capital and related financing activities	(734,623)	(3,409)	(738,032)	987
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Intergovernmental	-	3,431,988	3,431,988	-
Interest expense	-	(62,927)	(62,927)	-
Transfers (out)	(3,105,721)	(331,997)	(3,437,718)	-
Net cash provided (used) by noncapital financing activities	(3,105,721)	3,037,064	(68,657)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest income	1,202,228	106,606	1,308,834	18,722
Net cash provided (used) by investing activities	1,202,228	106,606	1,308,834	18,722
Net increase (decrease) in cash and cash investments	5,725,874	(347,154)	5,378,720	333,633
<b>CASH AND CASH EQUIVALENTS:</b>				
Beginning of year	47,440,060	9,698,178	57,138,238	1,789,732
End of year	\$ 53,165,934	\$ 9,351,024	\$ 62,516,958	\$ 2,123,365
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 2,382,583	\$ (3,614,487)	\$ (1,231,904)	\$ (134,099)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation	5,671,470	907,202	6,578,672	474,277
Changes in operating assets and liabilities:				
Accounts receivable	263,866	-	263,866	-
Other receivable	1,201	(59,689)	(58,488)	3,519
Prepaid items	(1,741)	(45,000)		
Advances to other funds	(287,796)	-	(287,796)	-
Accounts payable and accrued liabilities	164,656	(187,976)	(23,320)	(28,509)
Unearned revenue	-	(571,492)	(571,492)	-
Advances from other funds	-	62,928	62,928	-
Compensated absences	169,751	21,099	190,850	(1,264)
Total adjustments	5,981,407	127,072	6,155,220	448,023
Net cash provided (used) by operating activities	\$ 8,363,990	\$ (3,487,415)	\$ 4,923,316	\$ 313,924

See accompanying Notes to Basic Financial Statements.

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# **FIDUCIARY FUND FINANCIAL STATEMENTS**

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**City of Chula Vista**  
**Statement of Fiduciary Net Assets**  
**Agency Fund**  
**June 30, 2011**

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**ASSETS**

Cash and investments	\$ 7,701,829
Restricted cash and investments:	
Held by fiscal agents	<u>72,923,442</u>
<b>Total assets</b>	<u><u>\$ 80,625,271</u></u>

**LIABILITIES**

Due to bondholders	<u>\$ 80,625,271</u>
<b>Total liabilities</b>	<u><u>\$ 80,625,271</u></u>

See accompanying Notes to Basic Financial Statements.

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# NOTES TO BASIC FINANCIAL STATEMENTS

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**City of Chula Vista**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2011**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the City of Chula Vista, California (the "City") have been prepared in conformity with generally accepted accounting principles of the United States of America ("U.S. GAAP") as applied to governmental agencies. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

**A. Financial Reporting Entity**

The City incorporated in 1911, was recognized as a city in the State of California by election in 1949. The City operates under an elected Council and appointed City Manager form of government and provides the following services as authorized by its charter: public safety, community services, engineering services, planning services, public works, general administrative services and capital improvements.

These basic financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body and either the City is able to impose its will on that organization or there is a potential for that organization to provide financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete. Blended component units, although legally separate entities are, in substance, part of the City's operations and data from these units are combined with data of the City. Each blended component unit has a June 30 year-end. The following entities are reported component units:

**Blended Component Units**

*The Redevelopment Agency of the City of Chula Vista (the "Agency")*

The Agency was created by the City of Chula Vista City Council ("City Council") in October 1972. It was established pursuant to the State of California Health and Safety Code, Section 33000 entitled "Community Redevelopment Law." Its purpose is to prepare and carry out plans for improvement, rehabilitation, and redevelopment of blighted areas within the territorial limits of the City of Chula Vista. The Agency has been included in the accompanying basic financial statements since the City Council acts as the Agency's governing board and exerts significant influence over its operations. The Agency's operations are governmental in nature and, as such, have been included in the special revenue, capital projects, and debt service funds. The financial statements of the Agency can be obtained at the Finance Department or online at the City's website at [www.ci.chula-vista.ca.us](http://www.ci.chula-vista.ca.us).

**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**A. Financial Reporting Entity, Continued**

*The Chula Vista Industrial Development Authority (the "Development Authority")*

The Development Authority was formed in February 1982 for the purpose of promoting and developing commercial, industrial and manufacturing enterprises and encouraging employment. The governing body of the Development Authority is comprised of the members of the City Council. The Development Authority's financial data and transactions are included within the capital projects fund type. The City does not produce separate financial statements for the Development Authority.

*The Chula Vista Public Facilities Financing Authority (the "Financing Authority")*

The Financing Authority was established by ordinance, pursuant to the City Charter and Constitution of the State of California, as a public body, to serve the public purposes of the City. The ordinance was adopted on April 4, 1995. The governing body of the Financing Authority is comprised of the consenting members of the City Council. The Financing Authority is authorized to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations of, or for the purpose of making loans to the City and/or to refinance outstanding obligations of the City. The City does not produce separate financial statements for the Chula Vista Public Facilities Financing Authority.

*The Chula Vista Housing Authority (the "Housing Authority")*

The Housing Authority was created by the City of Chula Vista City Council ("City Council") in March 1993 to centrally coordinate and administer the City's programs for promoting balanced housing for families of all income levels. It was established pursuant to the State of California Health and Safety Code, Section 34200. It is empowered to develop, finance and own low income housing within the territorial limits of the City of Chula Vista. It uses a variety of local, state, and federal funding sources to administer and finance these programs. It is also the financing vehicle for the issuance of bonds for housing programs and services. The Housing Authority's financial data and transactions are included within the special revenue fund type. The City does not produce separate financial statements for the Housing Authority.

**B. Basis of Presentation, Measurement Focus and Basis of Accounting**

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

**Government-Wide Financial Statements**

The City's Government-Wide Financial Statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of governmental activities and business-type activities for the City, the primary government, accompanied by a total column. Fiduciary activities of the City are not included in these statements.

**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***B. Basis of Presentation, Measurement Focus and Basis of Accounting, Continued***

**Government-Wide Financial Statements, Continued**

These basic financial statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to, Due from other funds
- Advances to, Advances from other funds
- Transfers in, Transfers out

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

**Governmental Fund Financial Statements**

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the government-wide financial statements. The City has presented all major funds that met those qualifications.

**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***B. Basis of Presentation, Measurement Focus and Basis of Accounting, Continued***

**Governmental Fund Financial Statements, Continued**

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except revenues subject to accrual (up to 7 months after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, special assessments, intergovernmental revenues, other taxes, interest revenue, rental revenue and certain charges for services. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Unearned revenues arise when potential revenues do not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the unearned revenue is removed from the balance sheet and revenue is recognized.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

The City reports the following major governmental funds:

*General Fund* – This is the primary operating fund of the City. It is used to account for all revenues and expenditures that are not required to be accounted for in another fund.

*Sundry Grants Special Revenue Fund* – This fund consists of miscellaneous grants/revenues such as: supplemental law enforcement services, CBAG, California Library Services Act, asset seizure, local law enforcement block grants, California Recreation grants, Public Safety grants, ARRA grants, waste management and recycling, energy conservation, emergency shelter program, HOME program, CDBG program income project, and Community Development Block grants.

*Redevelopment Agency Special Revenue Fund* – This fund was established to account for the 20% of the revenue received from tax increment within the redevelopment project areas and is used to fund low and moderate income housing and related expenditures.

*Redevelopment Agency Debt Service Fund* – This fund was established to account for debt levies, rentals, other revenues and payments of principal and interest on Redevelopment loans and outstanding bonds.

**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**B. Basis of Presentation, Measurement Focus and Basis of Accounting, Continued**

**Governmental Fund Financial Statements, Continued**

*City Debt Service Fund* – This fund was established to account for principal and interest payments on the City's long-term loans.

*Development Impact Capital Projects Fund* – This fund was established as a depository of various development impact fees. The fees are levied against all new development in the City in order to pay for the construction or improvement of public facilities as a result of City growth.

*Park Acquisition Development Capital Projects Fund* – This fund is a depository for fees collected from property developers for the purpose of providing park, and recreational facilities directly benefiting and serving residents of the regulated subdivision being developed. This in-lieu fee was adopted by the City to acquire neighborhood and Community Parkland and to construct parks and recreational facilities.

**Proprietary Fund Financial Statements**

Proprietary fund financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets, and a Statement of Cash Flows for all proprietary funds.

Column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the government-wide financial statements. The City's internal service funds include two individual funds which provide services directly to other City funds. These areas of service include Fleet and Vehicle Maintenance and Information Technology Replacement.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The City reports the following major proprietary funds:

*Sewer Enterprise Fund* – This fund consists of several funds that are used to account for sewer activities:

The *Sewer Income Fund* is a depository for all monies collected to cover the cost of connecting properties to the City's public sewer system. All monies received may be used only for the acquisition, construction, reconstruction, maintenance and operation of sanitation or sewerage facilities.

**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**B. Basis of Presentation, Measurement Focus and Basis of Accounting, Continued**

**Proprietary Fund Financial Statements, Continued**

The *Special Sewer Fund* is used to account for the sale of the city's excess Metropolitan Sewerage System capacity. Use of monies in this fund is determined by the City Council.

The *Trunk Sewer Capital Reserve Fund* is used to account for sewerage facility participation fee received from owners or persons making application for a permit to develop or modify use of any residential, commercial, industrial or other property, which increases the volume of flow into the City sewer system. All monies received are used for the enlargement of sewer facilities of the City so as to enhance efficiency of utilization and/or adequacy of capacity and for planning and/or evaluating any future proposals for area wide sewage treatment and/or water reclamation systems or facilities.

The *Sewer Service Revenue Fund* is a depository for all monies collected from the monthly sewer service charge. Monies in this fund may be used for construction, maintenance, or operation of sewer.

The *Internal Service Funds* are funds used to charge other City funds for fleet management and technology replacement services provided.

**Fiduciary Fund Financial Statements**

Fiduciary fund financial statements include a Statement of Net Assets. The City's fiduciary funds represent agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are accounted for on the accrual basis of accounting as are the Proprietary funds explained above.

Fiduciary fund types are accounted for according to the nature of the fund. The City has only agency funds, which are purely custodial in nature (assets equal liabilities), and thus do not involve measurement of results of operations.

These funds are used to account for money and property held by the City as trustee or custodian. They are also used to account for various assessment districts for which the City acts as an agent for debt service activities.

**C. Encumbrances**

Formal budgetary integration is employed as a management control device. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute U.S. GAAP basis expenditures or liabilities because the commitments will be honored during the subsequent year.

**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***D. Cash, Cash Equivalents and Investments***

The City pools its available cash for investment purposes. The City considers pooled cash and investment amounts, with original maturities of three months or less, to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available. The City reported its investments at fair value and the unrealized losses on investments amounted to \$700,202 for the fiscal year ended June 30, 2011.

The statement of cash flows requires presentation of "cash and cash equivalents". For the purposes of the statement of cash flows, the City considers all proprietary fund pooled cash and investments as "cash and cash equivalents", as such funds are available to the various funds as needed.

In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (An amendment of GASB Statement No. 3)*, certain disclosure requirements, if applicable, for Deposits and Investment Risks in the following areas:

- Interest Rate Risk
- Credit Risk
  - Overall
  - Custodial Credit Risk
  - Concentration of Credit Risk
- Foreign Currency Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

***E. Inventories and Prepaid items***

Inventories are valued on an average-cost basis which are adjusted to annual physical counts or estimates under the consumption method of accounting and are recorded in the internal service fund. Prepaid items are items the City has paid in advance and will receive future benefit from. They are recorded under the consumption method in the General Fund and Sundry Grants Special Revenue Fund.

***F. Restricted Assets***

Fiscal agents acting on behalf of the City hold investment funds arising from the proceeds of long-term debt issuances. The funds may be used for specific capital outlays or for the payment of certain bonds, certificate of participation or tax allocation bonds and have been invested only as permitted by specific State statutes or applicable City ordinance, resolution or bond indenture.

**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**G. Capital Assets**

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated fixed assets are valued at their estimated fair market value on the date donated. City policy has set the capitalization threshold for reporting capital assets at \$5,000 for equipment and \$100,000 for infrastructure. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Buildings	50 years
Improvements other than buildings	50 years
Machinery and equipment	5-12 years
Infrastructure	30-75 years

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include streets, sewer, and park lands. Each major infrastructure system can be divided into subsystems. For example the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, landscaping and land. These subsystems were not delineated in the basic financial statements. The appropriate operating department maintains information regarding the subsystems.

Interest accrued during capital assets construction, if any, is capitalized for the business-type funds as part of the asset cost.

For all infrastructure systems, the City elected to use the Basic Approach as defined by GASB Statement No. 34 for infrastructure reporting. The City commissioned an appraisal of City owned infrastructure and property as of June 30, 2001. This appraisal determined the original cost, which is defined as the actual cost to acquire new property in accordance with market prices at the time of first construction/acquisition.

Original costs were developed in one of three ways: (1) historical records; (2) standard unit costs appropriate for the construction/acquisition date; or (3) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date. The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date on a straight line, unrecovered cost method was computed using industry accepted life expectancies for each infrastructure subsystem. The book value was then computed by deducting the accumulated depreciation from the original cost.

**H. Compensated Absences**

**Government-Wide Financial Statements**

For governmental and business-type activities, compensated absences are recorded as expenses and liabilities as incurred.



**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***H. Compensated Absences, Continued***

**Fund Financial Statements**

For governmental funds, compensated absences are recorded as expenditures in the years paid, as it is the City's policy to liquidate any unpaid compensated absences at June 30 from future resources, rather than currently available financial resources. The General Fund is typically used to liquidate compensated absences. In proprietary funds, compensated absences are expensed to the various funds in the period they are earned, and such fund's share of the unpaid liability is recorded as a long-term liability of the fund.

***I. Long-Term Debt***

**Government-Wide Financial Statements**

Long-term debt and other financial obligations are reported as liabilities in the appropriate funds.

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premium or discount. Issuance costs are reported as deferred charges.

**Fund Financial Statements**

The fund financial statements do not present long-term debt but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.

***J. Property Taxes***

Property taxes are levied on March 1 and are payable in two installments: November 1 and February 1 of each year. Property taxes become delinquent on December 10 and April 10, for the first and second installments, respectively. The lien date is January 1. The County of San Diego, California (County) bills and collects property taxes and remits them to the City according to a payment schedule established by the County.

The County is permitted by State law to levy taxes at 1% of full market value (at time of purchase) and can increase the property tax rate no more than 2% per year or the current CPI, whichever is less. The City receives a share of this basic tax levy proportionate to what it received during the years 1980-1981.

Property tax revenue is recognized in the fiscal year for which the taxes have been levied, provided the taxes are received within 60 days after the end of the fiscal year. Property taxes received after this date are not considered available as a resource that can be used to finance the current year operations of the City and, therefore, are not recorded as revenue until collected.

No allowance for doubtful accounts was considered necessary.

**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**K. Public Facilities Financing**

Interest costs incurred from the date of borrowing to the completion of the improvement project(s) are capitalized, net of interest earnings, on all proprietary fund assets acquired with tax-exempt debt.

**L. Net Assets**

For government-wide and proprietary fund financial statements, net assets are categorized as follows:

Invested in Capital Assets, Net of Related Debt – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Assets – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Assets – This amount is all net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net assets.”

When expense are incurred for purposes for which both restricted and unrestricted net assets are available, the City’s policy is to apply restricted net assets first.

**M. Fund Balances**

For governmental fund financial statements, fund balances are categorized as follows:

Nonspendable – Items that cannot be spent because they are not in spendable form, such as prepaid items and inventories, items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds.

Restricted – Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed – Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, normally the governing body, and that remain binding unless removed in the same manner. The City Council is considered the highest authority for the City.

Assigned – Assigned fund balances encompass the portion of net fund resources reflecting the government’s intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The City Council has authorized the City Manager for that purpose.

**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**M. Fund Balances, Continued**

Unassigned – This amount is for any portion of the fund balances that do not fall into one of the above categories.

When expenses are incurred for purposes for which both restricted and unrestricted fund balances are available, the City's policy is to apply restricted fund balances first, then unrestricted fund balances as they are needed.

When expenditures are incurred for purposes where only unrestricted fund balances are available, the City uses the unrestricted resources in the following order: committed, assigned, and unassigned.

**N. Use of Estimates**

The preparation of basic financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from these estimates and assumptions.

**2. CASH, CASH EQUIVALENTS AND INVESTMENTS**

The following is a summary of pooled cash and investments, including restricted cash and investments at June 30, 2011:

	<b>Government-Wide Statement of Net Assets</b>			<b>Fiduciary Funds</b>	
	<b>Governmental</b>	<b>Business-Type</b>	<b>Total</b>	<b>Statement of</b>	
	<b>Activities</b>	<b>Activities</b>		<b>Net Assets</b>	<b>Total</b>
Cash and investments	\$134,464,312	\$ 62,516,958	\$196,981,270	\$ 7,701,829	\$204,683,099
Restricted cash and investments:					
Held by City	6,356,784	-	6,356,784	-	6,356,784
Held by fiscal agents	17,071,185	-	17,071,185	72,923,442	89,994,627
<b>Total cash and investments</b>	<b>\$157,892,281</b>	<b>\$ 62,516,958</b>	<b>\$220,409,239</b>	<b>\$ 80,625,271</b>	<b>\$301,034,510</b>

Cash, cash equivalents, and investments consisted of the following at June 30, 2011:

Petty cash	\$ 6,050
Deposits with financial institution	15,634,070
Investments	195,399,764
Investments held by bond trustee	89,994,626
<b>Total cash and investments</b>	<b>\$301,034,510</b>

**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

**2. CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued**

**A. Cash Deposits**

The carrying amount of the City's cash deposits were \$15,634,070 at June 30, 2011. Bank balances before reconciling items were \$16,957,105 at that date, the total amount of which was insured or collateralized with securities held by the pledging financial institutions in the City's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The Agency may waive collateral requirements for cash deposits, which are fully insured by the Federal Deposit Insurance Corporation. The City, however, has not waived the collateralization requirements.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

**B. Investments**

As of June 30, 2011, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities					
		1 year or fewer	1 to 2 years	2-3 years	3-4 years	4-5 years	Over 5 years
LAIF	\$ 45,496,557	\$ 45,496,557	\$ -	\$ -	\$ -	\$ -	\$ -
Time Deposits	310,000	310,000	-	-	-	-	-
San Diego County Investment Pool	5,045,375	5,045,375	-	-	-	-	-
CalTrust Short-Term Fund	1,013,610	1,013,610	-	-	-	-	-
Corporate Bonds	4,061,560	4,061,560	-	-	-	-	-
Federal Home Loan Bank	30,095,500	-	2,034,880	12,071,940	15,988,680	-	-
Federal National Mortgage Association	34,023,640	-	-	7,006,430	14,979,180	12,038,030	-
Federal Home Loan Mortgage Corporation	47,383,660	-	-	13,029,329	27,352,711	7,001,620	-
Federal Farm Credit Bank	27,969,861	-	3,010,080	14,977,591	-	9,982,190	-
Held by bond trustee:							
U.S. Treasury	2,120,780	2,120,780	-	-	-	-	-
Investment Agreements	14,897,830	-	1,132,000	-	-	-	13,765,830
Mutual Funds	62,647,717	62,647,717	-	-	-	-	-
LAIF	10,251,713	10,251,713	-	-	-	-	-
Cash	76,587	76,587	-	-	-	-	-
<b>Total</b>	<b>\$ 285,394,390</b>	<b>\$ 131,023,899</b>	<b>\$ 6,176,960</b>	<b>\$ 47,085,290</b>	<b>\$ 58,320,571</b>	<b>\$ 29,021,840</b>	<b>\$ 13,765,830</b>

**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

**2. CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued**

**B. Investments, Continued**

*Investments Authorized by the California Government Code and the City's Investment's Policy*

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
Bankers' Acceptance	180 days	40%	30%
Negotiable Certificates of Deposits	5 years	30%	None
Commercial Paper	270 days	25%	10%
State and Local Agency Bond Issues	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securitites	5 years	None	None
Repurchase Agreement	90 days	None	None
Reverse-Purchase Agreements	92 days	20%	None
Medium-Term Corporate Notes	5 years	30%	None
Time Certificates of Deposits	3 years	None	None
Money Market Funds	N/A	15%	None
Local Agency Investment Fund (LAIF)	N/A	None	\$40 Million**
Investment Trust of California (CalTrust)	N/A	None	None

\* Excluding amounts held by bond trustee that are not subject to California Government Code restriction.

\*\* Maximum is \$40 million per account.

**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

**2. CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued**

**B. Investments, Continued**

*Investments Authorized by Debt Agreements*

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreement, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	None	None	None
Federal Home Loan Mortgage Corporation	None	None	None
Farm Credit Banks	None	None	None
Federal Home Loan Banks	None	None	None
Federal National Mortgage Association	None	None	None
Student Loan Marketing Association	None	None	None
Financing Corporation	None	None	None
Resolution Funding Corporation	None	None	None
Certificates of Deposits, Time Deposits and Bankers' Acceptance	30 days	None	None
Commercial Paper	270 days	None	None
Money Market Funds	None	None	None
State Obligations	None	None	None
Municipal Obligations	None	None	None
Repurchase Agreements	None	None	None
Investment Agreements	None	None	None
Local Agency Investment Fund (LAIF)	None	None	None

**C. Risk Disclosures**

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy provides that final maturities of securities cannot exceed five years. Specific maturities of investments depend on liquidity needs. As of June 30, 2011, the City's pooled cash and investments had the following maturities:

Maturity	Percentage of Investment
Less than one year	29%
One to two years	3%
Two to three years	24%
Three to four years	29%
Four to five years	15%

The weighted average maturity of the portfolio was 2.4 years.

**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

**2. CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued**

**C. Risk Disclosures, Continued**

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. To be eligible to receive City money, a bank, savings association, federal association, or federally insured industrial loan company must receive an overall rating of not less than "satisfactory" in its most recent evaluation by the appropriate federal financial supervisory agency of its record of meeting the credit needs of California's communities, including low- and moderate-income neighborhoods.

The City's investments are rated by the nationally recognized statistical rating organizations as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Moody's</u>	<u>Standard &amp; Poor's</u>
LAIF	\$ 45,496,557	Not Rated	Not Rated
Time Deposits	310,000	Not Rated	Not Rated
San Diego County Investment Pool	5,045,375	Not Rated	AAAf
CalTrust Short-Term Fund	1,013,610	Not Rated	Aaf
Corporate Bonds	4,061,560	Aaa	AAA
Federal Home Loan Bank	30,095,500	Aaa	AAA
Federal National Mortgage Association	34,023,640	Aaa	AAA
Federal Home Loan Mortgage Corporation	47,383,660	Aaa	AAA
Federal Farm Credit Bank	27,969,861	Aaa	AAA
	<u>\$ 195,399,763</u>		

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counter party, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All securities, with the exception of LAIF and other pooled investments, are held by a third-party custodian (BNY Western Trust). BNY is a registered member of the Federal Reserve Bank.

Concentration of Credit Risk

The investment policy of the City contains limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer that represent 5% or more of total City's investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Fair Value</u>
Federal Home Loan Bank	Federal Agency Securities	\$ 30,095,500
Federal National Mortgage Association	Federal Agency Securities	34,023,640
Federal Home Loan Mortgage Corporation	Federal Agency Securities	47,383,660
Federal Farm Credit Bank	Federal Agency Securities	27,969,861

**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

**2. CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued**

***D. Investments in Local Agency Investment Fund***

The City is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments in LAIF at June 30, 2011 included a portion of pool funds invested in Structure Notes and Asset-Backed Securities:

Structured Notes are debt securities (other than asset-backed securities) whose cash-flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2011, the City had \$45,496,557 invested in LAIF, which had invested 5.01% of the pool investment funds in Medium-Term and Short-Term Structured Notes and Asset-Backed Securities.

**3. RECEIVABLES**

***A. Accounts Receivable***

At June 30, 2011, the City had the following accounts and other receivable:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Sewer service fees	\$ 80,485	\$ 4,489,602	\$ 4,570,087
Staff time and other reimbursement	1,161,691	-	1,161,691
Parking meter	50,115	-	50,115
Miscellaneous	12,996	-	12,996
<b>Total</b>	<b>\$ 1,305,287</b>	<b>\$ 4,489,602</b>	<b>\$ 5,794,889</b>

***B. Taxes Receivable***

At June 30, 2011, the City had the following taxes receivable:

	<b>Governmental Activities</b>
Sales Tax	\$ 6,454,177
Highway Users Tax	354,202
Property Tax	990,048
Utilities Users Tax	842,568
Transient Occupancy Tax	255,888
Franchise Fee Tax	1,524,276
<b>Total</b>	<b>\$ 10,421,159</b>



**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

**3. RECEIVABLES, Continued**

**C. Loans Receivable**

At June 30, 2011, the City had the following loans receivable, including principal and accrued interest:

	Governmental Activities		
	Principal	Deferred Interest	Total
South Bay Community Services	\$ 3,867,065	\$ 1,956,287	\$ 5,823,352
Heritage (South Bay community Villas L.P.)	4,400,000	1,261,710	5,661,710
Boys and Girls Club Construction Loan	93,750	-	93,750
Rancho Vista Housing (Chelsea Investment Corporation)	1,500,000	308,220	1,808,220
St. Regis Park (Chelsea Investment Corporation)	1,387,152	917,415	2,304,567
Chula Vista Rehabilitation CHIP Loans	2,187,748	168,025	2,355,773
Park Village Apts (Civic Center Barrio Housing Corporation)	204,531	-	204,531
Mobile Home Assistance Programs	55,952	-	55,952
Los Vecinos (Wakeland Housing and Development Corporation)	5,680,000	953,937	6,633,937
Main Plaza (Alpha III Development Inc.)	1,800,000	336,813	2,136,813
Seniors on Broadway (MAAC Project)	3,511,194	542,449	4,053,643
The Landings (Chelsea Investment Corporation)	5,260,000	205,344	5,465,344
First Time Home Buyers Program	917,754	-	917,754
Neighborhood Stabilization First Time Home Buyer Program	531,000	6,682	537,682
NSP Rental Housing Program	1,000,000	30,000	1,030,000
Community Energy Retrofit Program	12,781	-	12,781
<b>Total</b>	<b>\$ 32,408,927</b>	<b>\$ 6,686,882</b>	<b>\$ 39,095,809</b>

*South Bay Community Services*

In 1998, the Agency entered into several loan agreements with South Bay Community Services, a California non-profit public benefit corporation. Prior years' loan was made to South Bay Community Services for the purpose of purchasing a 14-unit apartment building. In fiscal year 1998, a loan to fund the Trolley Terrace 13-unit project and the Cordova Village 40-unit project were made. These projects are to provide housing to very low-income families. The funds were made available to the City through a drawdown from the U.S. Department of Housing and Urban Development. Included in the current year balance is the \$887,995 loaned by the Agency. Deed of trusts and assignment of rents secure the notes. Principal and interest are payable annually out of any and all residual receipts derived from the property and/or operation of the property. Fund balance has been reserved in the Sundry Grants Special Revenue Fund and in the Agency's Low & Moderate Housing Fund. Interest accrues annually on the unpaid balance from rates ranging from 3% to 6%. At June 30, 2011, the outstanding balance of the loan was \$5,823,352 which included deferred interest accrual of \$1,956,287.

**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

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**3. RECEIVABLES, Continued**

**C. Loans Receivable, Continued**

*Heritage (South Bay Community Villas, L.P.)*

In 2002, the Agency entered into a loan agreement with South Bay Community Villas, L.P. for the development of the Heritage Town Center multi-family rental housing project. The Redevelopment Agency's (Agency) assistance is in the form of residual receipt loan secured by a promissory note and deed of trust. The outstanding principal and interest on the loan will be repaid over fifty five years and accrues interest at 3% per annum. Payment of principal and interest on the Agency loan shall be made on an annual basis, out of a fund equal to fifty percent of the net cash flow of the project (residual receipts) after debt service on bonds, payment of deferred developers fee, and reasonable operating expense have been paid. Fund balance has been reserved in the Low and Moderate Income Housing Fund. At June 30, 2011, the outstanding balance of the loan was \$5,661,710 which included deferred interest accrual of \$1,261,710.

*Boys and Girls Club Construction Loan*

The City has made a loan of \$250,000 for construction of a new facility for the Boys and Girls Club. The loan is interest free and will be repaid with equal annual payments over 20 years, starting in February 1999. Fund balance has been reserved in the General Fund. At June 30, 2011, the outstanding balance of the loan was \$93,750.

*Rancho Vista Housing (Chelsea Investment Corporation)*

In 2000, the City and Agency loaned \$1,500,000 to CIC Eastlake, L.P. for the development and operation of Rancho Vista Housing project, a multifamily affordable housing project. The loan is secured by promissory notes and deed of trust. The outstanding principal and interest amount of the loan is to be repaid over fifty-five (55) years and accrues at the simple interest rate of three (3%) percent per annum. Payment of principal and interest, or portions thereof, on the loan is made on an annual basis, out of a fund equal to fifty (50%) percent of the net cash flow of the project. At June 30, 2011, the outstanding balance of the loan was \$1,808,220 which included deferred interest accrual of \$308,220.

*St. Regis Park (Chelsea Investment Corporation)*

In 2000, the Agency entered into a loan agreement with Chelsea Investment Corporation for the acquisition and rehabilitation of the 119-unit Pear Tree Apartments at 1025 Broadway. All units are affordable to low-income households. The loan is secured by a Deed of Trust and will accrue 6% interest for 52 years. Payment of principal and interest is made on an annual basis out of a fund equal to 90% of the residual receipts. At June 30, 2011, the outstanding balance of the loan was \$2,304,567 which included deferred interest accrual of \$917,415.

*Chula Vista Rehabilitation CHIP Loans*

The Chula Vista Rehabilitation Community Housing Improvement Program (CHIP) is under the direct control of the Agency. CHIP offers deferred and low interest rate home improvement loans to qualified borrowers residing within a target area. Loan repayments are re-deposited into the program cash accounts and are redistributed as future loans. Fund balance has been reserved in the Sundry Grants Special Revenue Fund and in the Agency's Low & Moderate Housing Fund. At June 30, 2011, the outstanding balance of the loan was \$2,355,773 which included deferred interest accrual of \$168,025.

**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

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**3. RECEIVABLES, Continued**

**C. Loans Receivable, Continued**

*Park Village Apartments (Civic Center Barrio Housing Corporation)*

In 1991, the Agency entered into a loan agreement with the Civic Center Barrio Housing Corporation, a California non-profit public benefit corporation. The loan was made for the purchase of land and the development of a 28-unit low-income housing project. During 1992, the loan was assigned to Park Village Apartments Ltd., a California limited partnership in which Civic Center Barrio Housing Corporation is the managing general partner. The loan is secured by a deed of trust on the property and assignment of rents. Principal and interest are payable monthly. In 2009, a second amendment to the loan was entered into changing the interest from 5% to 3% per annum on the unpaid principal balance of the note. Fund balance has been reserved in the Redevelopment Agency Special Revenue Fund. At June 30, 2011, the outstanding balance of the loan was \$204,531.

*Mobile Home Assistance Programs*

The Agency entered into agreements with eligible residents of the Orange Tree Mobile home Park, whereby the Agency loaned \$250,030 as permanent financing assistance to residents for the purpose of purchasing certain mobile home property. The loans are secured by deeds of trust on the property and mature in 2017 or when the property is sold. Contingent interest will be charged based on calculations specified in the agreement. Fund balance has been reserved in the Redevelopment Agency Special Revenue Fund. At June 30, 2011, the outstanding balance of the loan was \$55,952.

*Los Vecinos (Wakeland Housing and Development Corporation)*

In 2008, the Agency entered into a loan agreement with Wakeland Housing and Development Corporation to assist the borrower in constructing 41 affordable multifamily units for occupancy by extremely low, very low and lower income households. The loan amount of \$5,680,000 was funded by the Agency's Low & Moderate Income Housing Fund. The loan bears an interest rate of 5% per annum. Principal and interest payments will be made on an annual basis out of a fund equal to 50% of the "Residual Receipts" for years 1-30, 75% of the Residual Receipts" for years 31-54, until 55 years from the date the Improvement are Placed in Service, at which time all principal and unpaid interest is due and payable. The improvements were placed in service on February 7, 2008. At June 30, 2011, the outstanding balance of the loan was \$6,633,937 which included deferred interest accrual of \$953,937.

*Main Plaza (Alpha III Development Inc.)*

In 2003, the Agency entered into a loan agreement with Main Plaza, LP (Borrower) to assist the borrower in acquiring and improving certain real property for occupancy by very low, lower and low and moderate income households. The loan bears an interest rate of 3% per annum. The loan is due and payable on the date that is 55 years from the date of the Agency's issuance of the Certificate of Completion, which is in 2061. At June 30, 2011, the outstanding balance of the loan was \$2,136,813 which included deferred interest accrual of \$336,813.

**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

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**3. RECEIVABLES, Continued**

**C. Loans Receivable, Continued**

Seniors on Broadway (MAAC Project)

The Agency entered into a loan agreement with Seniors on Broadway Limited Partnership to assist the borrower in acquiring and improving certain real property for occupancy by very low, lower and low and moderate income households. The loan bears an interest rate of 3% per annum. The loan is due and payable on the date that is 55 years from the date of the Agency's issuance of the Certificate of Completion. At June 30, 2011, the outstanding balance of the loan was \$4,053,643 which included deferred interest accrual of \$542,449.

The Landings (Chelsea Investment Corporation)

The Agency entered into a loan agreement with CIC Landings, L.P. to assist the borrower in constructing 92 affordable multifamily apartment units for occupancy by extremely low, very low and lower income households. The loan bears an interest rate of 3% per annum. The loan is due and payable each and every year commencing with the first anniversary of the issuance of the Certificate of Completion by the City in an amount equal to 50% of the residual receipts. At June 30, 2011, the outstanding balance of the loan was \$5,465,344 which included deferred interest accrual of \$205,344.

First Time Home Buyers program

The Chula Vista First-Time Homebuyer Program is under the direct control of the Housing Authority and funded through U.S. Department of Housing and Urban Development HOME funds. Currently administered by Community HousingWorks, the Program offers equity share deferred home gap financing loans to qualified borrowers. Loan repayments are re-deposited into the program cash accounts and are redistributed as future loans. Fund balance has been reserved in the Sundry Grants Special Revenue Fund. At June 30, 2011, the outstanding balance of the loan was \$917,754.

Neighborhood Stabilization First Time Home Buyers program

The Chula Vista Neighborhood Stabilization First-Time Homebuyer Program (NS FTHB) and Neighborhood Stabilization Resale Program (NSRP) are under the direct control of the Agency and funded through U.S. Department of Housing and Urban Development Neighborhood Stabilization funds. Currently administered by Community HousingWorks, the Program offers equity share deferred home gap financing loans to qualified borrowers and an acquisition, rehabilitation, and resale option to those qualifying in targeted areas. Loan repayments are re-deposited into the program cash accounts and are redistributed as future loans. Fund balance has been reserved in the Sundry Grants Special Revenue Fund. At June 30, 2011, the outstanding balance of the loan was \$537,682 which included deferred interest accrual of \$6,682.

**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

**3. RECEIVABLES, Continued**

**C. Loans Receivable**

NSP Rental Housing program

The Agency entered into a loan agreement with San Diego Community Housing Corporation to acquire and rehabilitate rental housing for very low income households. The loan is secured by promissory notes and deed of trust. The outstanding principal and interest amount of the loan will be repaid over fifty-five (55) years and accrues at the simple interest rate of three (3%) percent per annum. Principal and interest are payable annually out of a fund equal to 50% of residual receipts derived from the property and/or operation of the property. Fund balance has been reserved in the Sundry Grants Special Revenue Fund. At June 30, 2011, the outstanding balance of the loan was \$1,000,000.

Community Retrofit program

The Chula Vista Community Energy Revolving Loan Fund (RLF) is under the direct control of the City of Chula Vista and was capitalized through the American Recovery & Reinvestment Act. The RLF offers fully amortized low-interest rate home energy improvement loans to qualified borrowers residing within Chula Vista. The loans are secured by a deed of trust on the properties. Principal and interest are payable monthly. Interest accrues annually on the unpaid principal balance of the notes. Loan repayments are re-deposited into the program cash accounts and are redistributed as future loans. Fund balance has been reserved in the General Fund. At June 30, 2011, the outstanding balance of the loan was \$12,781.

**4. INTERFUND TRANSACTIONS**

**Due To, Due From**

As of June 30, 2011, balances were as follows:

	Due To Other Funds		
	Sundry Grants Special Revenue Fund	Nonmajor Governmental Funds	Total
Due From Other Funds			
General Fund	\$ 2,975,026	\$ 742,451	\$ 3,717,477
RDA Special Revenue Fund	2,202,044		2,202,044
Nonmajor Governmental Funds	-	39,012	39,012
Total	<u>\$ 5,177,070</u>	<u>\$ 781,463</u>	<u>\$ 5,958,533</u>

The amounts of due to and due from for all funds represent one day loans which were made to cover negative cash situations that resulted from reimbursements not being received as of June 30, 2011.

**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

**4. INTERFUND TRANSACTIONS, Continued**

**Long-Term Advances**

As of June 30, 2011, balances were as follows:

	Advances From Other Funds			
	RDA Debt Service Fund	City Debt Service Fund	Nonmajor Enterprise Fund	Total
Advances To Other Funds				
General Fund	\$ 12,607,822	\$ 1,542,182	\$ -	\$ 14,150,004
RDA Special Revenue Fund	5,046,796	-	-	5,046,796
Developer Impact Capital Projects Fund	-	11,327,322	-	11,327,322
Park Acquisition Development Fund	-	9,681,138	-	9,681,138
Nonmajor Governmental Funds	4,702,030	-	-	4,702,030
Sewer Enterprise Fund	-	14,066,534	4,039,444	18,105,978
Total	\$ 22,356,648	\$ 36,617,176	\$ 4,039,444	\$ 63,013,268

The Agency has entered into reimbursement agreements with the City to reimburse the City for certain lease payments made by the City under various lease agreements. The balance as of June 30, 2011, was \$11,316,691.

The City Council authorized various loans to the Agency for operating purposes. The terms of the loans are indefinite. The balance as of June 30, 2011 was \$1,291,131.

The City Council authorized loans to Public Facilities DIF for \$12,681,273 and Western TDIF for \$188,231. The Public Facilities DIF loan for \$5,200,000 is due and payable in 13 years, with the first payment due in fiscal year 2012/2013 at an interest rate of 3.80% based on the pooled investment rate. The Public Facilities DIF loan for \$5,300,000 is due and payable in 13 years, with the first payment due in fiscal year 2012/2013 at an interest rate of .56% based on the pooled investment rate.

The City Council authorized loan to Western PAD from Eastern PAD in the amount of \$9,630,000 to acquire the 14.41 acre site located in the lower Sweetwater Valley owned by the Redevelopment Agency. The loan will be repaid as funds become available, either as a result of credit acquisitions by the Agency or the payment of PAD fees by developers in western Chula Vista. The Agency will ensure that PAD funds are repaid to fully fund the development of the park for which they were originally collected. The balance was \$9,681,138 at June 30, 2011.

The Redevelopment Agency Capital Projects Fund advanced funds in the amount of \$4,702,030 to Redevelopment Agency Debt Service Fund for capital improvement projects and operating expenses and the Redevelopment Agency Special Revenue Fund advanced \$5,046,796 to pay the ERAF obligation. The terms of the advances are indefinite. The balance was \$9,748,826 at June 30, 2011.

The City Council authorized loans with indefinite terms from Trunk Sewer fund to Salt Creek for \$16,519,894, Storm Drain fund for \$811,360, and \$774,724 from Sewer Facility fund for capital improvement projects.

**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

**4. INTERFUND TRANSACTIONS, Continued**

**Transfers**

Transfers for the year ended June 30, 2011, were as follows:

Transfers In							
Transfers Out	General	Sundry Grants	RDA	City	Park	Nonmajor	Total
	Fund	Special Revenue Fund	Debt Service Fund	Debt Service Fund	Acquisition Development Fund	Governmental Fund	
General Fund	\$ -	\$ 245,761	\$ -	\$ -	\$ -	\$ 6,669,547	\$ 6,915,308
Sundry Grants Special Revenue Fund	239,410	-	-	-	-	808,656	1,048,066
RDA Special Revenue Fund	-	-	-	-	-	4,394,500	4,394,500
RDA Debt Service Fund	-	-	-	-	-	856,613	856,613
City Debt Service Fund	-	-	-	-	9,630,000	-	9,630,000
Development Impact Fund	-	-	-	-	-	69,192	69,192
Nonmajor Governmental Fund	7,877,129	105,000	15,717,464	103,826	-	4,391,822	28,195,241
Sewer Enterprise Fund	3,105,721	-	-	-	-	-	3,105,721
Nonmajor Enterprise Funds	81,997	-	-	250,000	-	-	331,997
Total	\$ 11,304,257	\$ 350,761	\$ 15,717,464	\$ 353,826	\$ 9,630,000	\$ 17,190,330	\$ 54,546,638

General Fund - Operating support to reimburse the General Fund for City staff services and equipment. Total amount of reimbursement was \$11,304,257.

Sundry Grants Special Revenue Fund - transferring the General Fund's contribution to the Nature Center exhibit in the amount of \$206,499, matching the federal grant in the amount of \$39,262 and reimbursing CDBG in the amount of \$105,000 for previously funded assessment district improvement project. Total transfers for this project was \$350,761.

RDA Debt Service - Funding the debt services fund for repayment of various long-term obligations amounted to \$15,717,464.

City Debt Service - Funding debt service funds for repayment of various long-term obligations amounted to \$353,826.

Park Acquisition Development Fund - Funding the acquisition of 14.41 acre site located in the lower Sweetwater Valley and borrowing the funds in the amount of \$9,630,000 from the Eastern PAD to the Western PAD.

Non-major Governmental Funds - Funding debt service funds for repayment of various long-term obligations and to fund various capital improvement projects amounted to \$12,747,431. Other transfers were for operating support, staff services and capital improvement projects in the amount of \$9,000 from Home Program, \$39,399 from CDBG, and \$4,394,500 from Low and Moderate Income Housing to Chula Vista Housing Authority.

**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

**5. CAPITAL ASSETS**

*Government-Wide Financial Statements*

Summary of changes in governmental activities capital assets for the year ended June 30, 2011 are as follows:

	Balance July 1, 2010	Additions	Deletions	CIP Transfers	Balance June 30, 2011
<b>Capital assets, not being depreciated:</b>					
Land	\$ 83,775,771	\$ -	\$ -	\$ -	\$ 83,775,771
Construction in progress	28,190,910	16,551,467	-	(20,873,127)	23,869,250
<b>Total capital assets, not being depreciated</b>	<b>111,966,681</b>	<b>16,551,467</b>	<b>-</b>	<b>(20,873,127)</b>	<b>107,645,021</b>
<b>Capital assets, being depreciated:</b>					
Buildings	213,631,082	-	-	200,000	213,831,082
Improvements other than buildings	119,771,162	-	-	6,344,363	126,115,525
Machinery and equipment	34,710,585	1,088,224	(854,085)	-	34,944,724
Infrastructure	622,119,312	-	-	14,328,764	636,448,076
<b>Subtotal</b>	<b>990,232,141</b>	<b>1,088,224</b>	<b>(854,085)</b>	<b>20,873,127</b>	<b>1,011,339,407</b>
Less accumulated depreciation					
Buildings	(35,938,061)	(4,276,313)	-	-	(40,214,374)
Improvements other than buildings	(33,387,983)	(2,395,423)	-	-	(35,783,406)
Machinery and equipment	(30,154,449)	(1,463,106)	853,332	-	(30,764,223)
Infrastructure	(185,490,280)	(17,258,414)	-	-	(202,748,694)
<b>Subtotal</b>	<b>(284,970,773)</b>	<b>(25,393,256)</b>	<b>853,332</b>	<b>-</b>	<b>(309,510,697)</b>
<b>Total capital assets, being depreciated</b>	<b>705,261,368</b>	<b>(24,305,032)</b>	<b>(753)</b>	<b>20,873,127</b>	<b>701,828,710</b>
<b>Total capital assets, net</b>	<b>\$ 817,228,049</b>	<b>\$ (7,753,565)</b>	<b>\$ (753)</b>	<b>\$ -</b>	<b>\$ 809,473,731</b>

Governmental activities depreciation expenses for capital assets for the year ended June 30, 2011 are as follows:

General government	\$ 1,354,781
Public safety	2,335,859
Public works	18,467,304
Parks and recreation	2,542,247
Library	218,788
Internal service	474,277
<b>Total depreciation expense</b>	<b>\$ 25,393,256</b>



**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

**5. CAPITAL ASSETS, Continued**

*Government-Wide Financial Statements, Continued*

Summary of changes in business-type activities capital assets for the year ended June 30, 2011 are as follows:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
<b>Capital assets, not being depreciated:</b>				
Construction in progress	\$ 2,132,763	\$ 569,277	\$ -	\$ 2,702,040
<b>Total capital assets, not being depreciated</b>	<u>2,132,763</u>	<u>569,277</u>	<u>-</u>	<u>2,702,040</u>
<b>Capital assets, being depreciated:</b>				
Machinery and equipment	13,713,132	155,439	(248,299)	13,620,272
Infrastructure	226,626,198	24,867	-	226,651,065
<b>Subtotal</b>	<u>240,339,330</u>	<u>180,306</u>	<u>(248,299)</u>	<u>240,271,337</u>
Less accumulated depreciation				
Machinery and equipment	(9,243,687)	(1,222,923)	243,553	(10,223,057)
Infrastructure	(80,843,986)	(5,355,749)	-	(86,199,735)
<b>Subtotal</b>	<u>(90,087,673)</u>	<u>(6,578,672)</u>	<u>243,553</u>	<u>(96,422,792)</u>
<b>Total capital assets, being depreciated</b>	<u>150,251,657</u>	<u>(6,398,366)</u>	<u>(4,746)</u>	<u>143,848,545</u>
<b>Total capital assets, net</b>	<u>\$ 152,384,420</u>	<u>\$ (5,829,089)</u>	<u>\$ (4,746)</u>	<u>\$ 146,550,585</u>

Depreciation expenses for business-type activities for the year ended June 30, 2011 are as follows:

Sewer	\$ 5,671,470
Transit	847,202
Sewer DIFS	60,000
<b>Total depreciation expense</b>	<u>\$ 6,578,672</u>

**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

**6. LONG-TERM DEBT**

**Governmental Activities Long-Term Debt**

Summary of changes in governmental activities long-term debt for the year ended June 30, 2011 are as follows:

	Balance July 1, 2010	Debt Issued	Debt Retired	Balance June 30, 2011	Classification	
					Due within One Year	Due in More Than One Year
Tax Allocation Bonds	\$ 44,925,000	\$ -	\$ (940,000)	\$ 43,985,000	\$ 980,000	\$ 43,005,000
Pension Obligation Bonds	4,980,000	-	(2,325,000)	2,655,000	2,655,000	-
Certificate of Participation	139,700,000	-	(3,640,000)	136,060,000	3,770,000	132,290,000
ERAF Loan	1,055,000	-	(170,000)	885,000	175,000	710,000
Section 108 Loan	9,213,000	-	(302,000)	8,911,000	317,000	8,594,000
Notes Payable	1,035,238	42,286	(143,909)	933,615	190,850	742,765
Capital Leases	1,488,390	-	(391,086)	1,097,304	412,037	685,267
Bond Premium	28,350	-	(1,181)	27,169	1,181	25,988
Bond Discount	(1,859,771)	-	85,029	(1,774,742)	(85,029)	(1,689,713)
<b>Total</b>	<b>\$ 200,565,207</b>	<b>\$ 42,286</b>	<b>\$ (7,828,147)</b>	<b>\$ 192,779,346</b>	<b>\$ 8,416,039</b>	<b>\$ 184,363,307</b>

**A. Tax Allocation Bonds**

	Balance July 1, 2010	Debt Issued	Debt Retired	Balance June 30, 2011	Classification	
					Due within One Year	Due in More Than One Year
2006 Senior Tax Allocation						
Refunding Bonds, Series A	\$ 12,100,000	\$ -	\$ (500,000)	\$ 11,600,000	\$ 520,000	\$ 11,080,000
2006 Subordinate Tax Allocation						
Refunding Bonds, Series B	11,200,000	-	(440,000)	10,760,000	460,000	10,300,000
2008 Tax Allocation						
Refunding Bonds	21,625,000	-	-	21,625,000	-	21,625,000
<b>Total</b>	<b>\$ 44,925,000</b>	<b>\$ -</b>	<b>\$ (940,000)</b>	<b>\$ 43,985,000</b>	<b>\$ 980,000</b>	<b>\$ 43,005,000</b>

2006 Senior Tax Allocation Refunding Bonds, Series A

In July 2006, the Agency issued the 2006 Senior Tax Allocation Refunding Bonds, Series A in the amount of \$13,435,000 to refinance the Agency's outstanding Bayfront/Town Centre Redevelopment Project 1994 Senior Tax Allocation Refunding Bonds, Series A, and to satisfy the reserve requirement for the Bonds and provide for the costs of issuing the Bonds. The original bond proceeds were used in the acquisition of property, demolition, relocation, public improvements and funding the Low and Mod Income Housing Project. The bonds consist of serial bonds which mature in 2028. Interest is payable semiannually on March 1 and September 1 at interest rates ranging from 4.00% to 4.60%. The bonds are subject to optional redemption on any interest payment date on or after September 1, 2012, at various redemption prices. The bonds are payable solely from certain tax increment revenues of the Agency and other funds held under the indenture. The balance outstanding at June 30, 2011 was \$11,600,000.

**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

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**6. LONG-TERM DEBT, Continued**

**A. Tax Allocation Bonds, Continued**

2006 Senior Tax Allocation Refunding Bonds, Series A, Continued

The annual debt service requirements for the 2006 Senior Tax Allocation Refunding Bonds, Series A outstanding at June 30, 2011 are as follows:

<b>Year Ending June 30.</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2012	\$ 520,000	\$ 497,545	\$ 1,017,545
2013	540,000	474,995	1,014,995
2014	565,000	450,133	1,015,133
2015	590,000	424,145	1,014,145
2016	615,000	398,570	1,013,570
2017-2021	3,475,000	1,581,001	5,056,001
2022-2026	4,290,000	734,465	5,024,465
2027-2028	1,005,000	46,805	1,051,805
<b>Total</b>	<b>\$ 11,600,000</b>	<b>\$ 4,607,659</b>	<b>\$ 16,207,659</b>

2006 Subordinate Tax Allocation Refunding Bonds, Series B

In July 2006, the Agency issued \$12,325,000 2006 Subordinate Tax Allocation Refunding Bonds, Series B to refinance the Agency's outstanding Bayfront/Town Centre Redevelopment Project 1994 Senior Tax Allocation Refunding Bonds, Series C and D, and to satisfy the reserve requirement for the Bonds and provide for the costs of issuing the Bonds. The original bond proceeds were used in the acquisition of property, demolition, relocation, public improvements and funding the Low and Mod Income Housing Project. The bonds consist of \$7,995,000 serial bonds which mature from 2007 to 2021 in amounts ranging from \$290,000 to \$735,000 and term bonds of \$4,330,000 which mature in 2028. Interest is payable semiannually on April 1 and October 1 at interest rates ranging from 4.00% to 6.00%. The bonds are subject to optional redemption on any interest payment date on or after October 1, 2012, at various redemption prices. The bonds are payable solely from certain tax increment revenues of the Agency and other funds held under the indenture. The balance outstanding at June 30, 2011 was \$10,760,000.

**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

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**6. LONG-TERM DEBT, Continued**

**A. Tax Allocation Bonds, Continued**

2006 Subordinate Tax Allocation Refunding Bonds, Series B, Continued

The annual debt service requirements for the 2006 Subordinate Tax Allocation Refunding Bonds, Series B outstanding at June 30, 2011 are as follows:

<b>Year Ending June 30.</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2012	\$ 460,000	\$ 531,384	\$ 991,384
2013	480,000	510,234	990,234
2014	500,000	487,934	987,934
2015	525,000	464,096	989,096
2016	550,000	438,559	988,559
2017-2021	3,180,000	1,743,446	4,923,446
2022-2026	4,090,000	814,603	4,904,603
2027-2028	975,000	51,844	1,026,844
<b>Total</b>	<b>\$ 10,760,000</b>	<b>\$ 5,042,100</b>	<b>\$ 15,802,100</b>

2008 Tax Allocation Refunding Bonds

In July 2008, the Agency issued the 2008 Tax Allocation Refunding Bonds in the amount of \$21,625,000 to refinance the Agency's outstanding Merged Redevelopment Project 2000 Tax Allocation Bonds, to satisfy the reserve requirement for the Bonds, to provide for the costs of issuing the Bonds, and to provide funds to finance or refinance redevelopment activities. The bonds consist of \$11,570,000 serial bonds which mature from 2014 to 2028 in amounts ranging from \$575,000 to \$1,020,000 and term bonds of \$3,345,000 and \$6,710,000 which mature in 2031 and 2036 respectively. Interest is payable semiannually on March 1 and September 1 at interest rates ranging from 4.00% to 4.94%. The bonds are subject to optional redemption on any interest payment date on or after September 1, 2019, at various redemption prices. The bonds are payable solely from certain tax increment revenues of the Agency and other funds held under the indenture. The balance outstanding at June 30, 2011 was \$21,625,000.

**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

**6. LONG-TERM DEBT, Continued**

**A. Tax Allocation Bonds, Continued**

2008 Tax Allocation Refunding Bonds, Continued

The annual debt service requirements for the 2008 Tax Allocation Refunding Bonds outstanding at June 30, 2011 are as follows:

<b>Year Ending June 30.</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2012	\$ -	\$ 963,636	\$ 963,636
2013	-	963,636	963,636
2014	-	963,636	963,636
2015	575,000	952,136	1,527,136
2016	600,000	928,636	1,528,636
2017-2021	3,360,000	4,257,781	7,617,781
2022-2026	4,110,000	3,491,690	7,601,690
2027-2031	5,105,000	2,471,525	7,576,525
2032-2036	6,405,000	1,137,016	7,542,016
2037	1,470,000	34,913	1,504,913
<b>Total</b>	<b>\$ 21,625,000</b>	<b>\$ 16,164,605</b>	<b>\$ 37,789,605</b>

Pledged Revenues

The Agency has pledged tax revenues to the repayment of the Agency's debts through the final maturity of the Bonds, or early retirement of the Bonds, whichever comes first.

Tax revenues consist of tax increment revenues allocated to the Agency's project areas pursuant to Section 33670 of the Redevelopment Law excluding that portion of such tax increment revenues required to be paid under Tax-Sharing Agreements unless the payment of such amounts has been subordinated to payment of debt services on the Bonds. Tax increment received in 2010-2011 was \$13,822,938 and total debt service of all Tax Allocation Bonds paid was \$2,972,666. The Bonds required 21% of net revenues. In future years, annual principal and interest payments on the Tax Allocation Bonds are expected to require 25% of tax increment revenues.

**B. Pension Obligation Bonds**

	<b>Balance July 1, 2010</b>	<b>Debt Issued</b>	<b>Debt Retired</b>	<b>Balance June 30, 2011</b>	<b>Classification</b>	
					<b>Due within One Year</b>	<b>Due in More Than One Year</b>
POB 1994 Series	\$ 4,980,000	\$ -	\$ (2,325,000)	\$ 2,655,000	\$ 2,655,000	\$ -
<b>Total</b>	<b>\$ 4,980,000</b>	<b>\$ -</b>	<b>\$ (2,325,000)</b>	<b>\$ 2,655,000</b>	<b>\$ 2,655,000</b>	<b>\$ -</b>

**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

**6. LONG-TERM DEBT, Continued**

**B. Pension Obligation Bonds, Continued**

1994 Pension Obligation Bonds

The Pension Obligation Bonds, Series 1994 were issued by the City to pay the obligations from the City to the California Public Employees Retirement System for the City's unfunded pension liability. The total issue is comprised of the following: (1) Current Interest Bonds with original amount due of \$7,415,000. These bonds mature in amounts ranging from \$310,000 in 1996 to \$1,820,000 in 2009. Interest is payable semi-annually on February 1 and August 1, beginning February 1, 1996, at interest rates ranging from 6.05% to 7.875% annually; (2) \$7,000,000 Term Bonds are due August 1, 2011, with a stated annual interest rate of 8.15% and are reflected in the annual debt service schedule below; (3) Capital Appreciation Bonds, with original amount due of \$2,371,532 matured in 2006.

These bonds mature in the initial principal amounts ranging from \$800,000 in 2002 to \$1,095,000 in 2005 and \$480,036 in 2006. The effective annual yield on these bonds ranges from 7.690% to 8.34%. The bonds are not limited as to payment to any special source of funds of the City. The accredited value of the Pension Obligation Bonds at June 30, 2011 was \$2,655,000.

The annual debt service requirements for the Pension Obligation Bonds outstanding at June 30, 2011 are as follows:

<b>Year Ending</b>			
<b>June 30.</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2012	\$ 2,655,000	\$ 107,859	\$ 2,762,859
<b>Total</b>	<b>\$ 2,655,000</b>	<b>\$ 107,859</b>	<b>\$ 2,762,859</b>

**C. Certificates of Participation**

	<b>Balance</b>	<b>Debt</b>	<b>Debt</b>	<b>Balance</b>	<b>Classification</b>	
	<b>July 1, 2010</b>	<b>Issued</b>	<b>Retired</b>	<b>June 30, 2011</b>	<b>Due within</b>	<b>Due in More</b>
					<b>One Year</b>	<b>Than One Year</b>
2002 COP Police Facility	\$ 54,130,000	\$ -	\$ (1,340,000)	\$ 52,790,000	\$ 1,400,000	\$ 51,390,000
2003 Refunding COP	3,205,000	-	(965,000)	2,240,000	990,000	1,250,000
2004 COP Civic Ctr Ph 1	34,035,000	-	(855,000)	33,180,000	885,000	32,295,000
2006 COP Civic Ctr Ph 2	18,975,000	-	(480,000)	18,495,000	495,000	18,000,000
2010 Refunding COP Corp Yard	29,355,000	-	-	29,355,000	-	29,355,000
<b>Total</b>	<b>\$ 139,700,000</b>	<b>\$ -</b>	<b>\$ (3,640,000)</b>	<b>\$ 136,060,000</b>	<b>\$ 3,770,000</b>	<b>\$ 132,290,000</b>

**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

**6. LONG-TERM DEBT, Continued**

**C. Certificates of Participation, Continued**

2002 COP

In June 2002, the Chula Vista Public Financing Authority issued \$60,145,000 in 2002 Certificates of Participation to provide funds to construct the City's Police Headquarters, finance the reserve account of the certificates, to capitalize interest during construction and to pay the cost of issuance of the certificates. The source of repayment of the certificates is the lease payments to be made by the City to the Authority. Interest is payable semiannually on February 1 and August 1 of each year commencing February 1, 2003. The certificates mature in 2032 and principal is payable on August 1 each year commencing August 1, 2005. As of June 30, 2011 the outstanding balance is \$52,790,000.

The annual debt service requirements for the 2002 Certificates of Participation outstanding at June 30, 2011 are as follows:

<b>Year Ending June 30.</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2012	\$ 1,400,000	\$ 2,513,346	\$ 3,913,346
2013	1,460,000	2,456,146	3,916,146
2014	1,520,000	2,396,546	3,916,546
2015	1,585,000	2,332,465	3,917,465
2016	1,660,000	2,262,264	3,922,264
2017-2021	9,550,000	10,077,922	19,627,922
2022-2026	12,245,000	7,435,625	19,680,625
2027-2031	15,820,000	3,945,500	19,765,500
2032-2033	7,550,000	382,250	7,932,250
<b>Total</b>	<b>\$ 52,790,000</b>	<b>\$ 33,802,064</b>	<b>\$ 86,592,064</b>

2003 Refunding COP

In May 2003, the Chula Vista Public Financing Authority (the "Financing Authority") issued its 2003 Refunding Certificates of Participation to defease the 1993 Certificates, reimburse the City for amounts it has advanced to prepay the equipment lease, finance a reserve account and pay for the cost of issuance of the Certificates. The Certificates are to be repaid from lease payments made by the City to the Authority for leasing certain property. Interest is payable semiannually on March 1 and September 1 of each year commencing September 1, 2003. The certificates mature in 2013 and principal is payable on September 1 each year commencing September 1, 2003. As of June 30, 2011 the outstanding balance is \$2,240,000.

The annual debt service requirements for the 2003 Refunding Certificates of Participation outstanding at June 30, 2011 are as follows:

<b>Year Ending June 30.</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2012	\$ 990,000	\$ 56,273	\$ 1,046,273
2013	1,030,000	24,438	1,054,438
2014	220,000	3,850	223,850
<b>Total</b>	<b>\$ 2,240,000</b>	<b>\$ 84,561</b>	<b>\$ 2,324,561</b>

**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

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**6. LONG-TERM DEBT, Continued**

**C. Certificates of Participation, Continued**

2004 Civic Center Project Phase I COP

In September 2004, the Chula Vista Public Financing Authority (the "Financing Authority") issued \$37,240,000 in 2004 Certificates of Participation to provide funding for the first phase of the reconstruction, renovation, and equipping of the City's Civic Center Complex. Proceeds will also be used to finance the reserve account of the certificates, to capitalize interest during construction and to pay the cost of issuance of the certificates. The source of repayment of the certificates is the lease payments to be made by the City to the Authority. Interest is payable semiannually on March 1 and September 1 of each year commencing March 1, 2006. The certificates mature in 2034 and principal is payable on September 1 each year commencing September 1, 2006. As of June 30, 2011 the outstanding balance is \$33,180,000.

The annual debt service requirements for the 2004 Certificates of Participation Civic Center Project Phase I outstanding at June 30, 2011 are as follows:

<b>Year Ending June 30.</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2012	\$ 885,000	\$ 1,507,361	\$ 2,392,361
2013	915,000	1,476,386	2,391,386
2014	950,000	1,442,074	2,392,074
2015	985,000	1,406,449	2,391,449
2016	1,025,000	1,369,511	2,394,511
2017-2021	5,785,000	6,186,774	11,971,774
2022-2026	7,145,000	4,817,420	11,962,420
2027-2031	8,975,000	2,991,200	11,966,200
2032-2034	6,515,000	662,250	7,177,250
<b>Total</b>	<b>\$ 33,180,000</b>	<b>\$ 21,859,425</b>	<b>\$ 55,039,425</b>

2006 Civic Center Project Phase II COP

In March 2006, the Chula Vista Public Financing Authority (the "Financing Authority") issued \$20,325,000 in 2006 Certificates of Participation to provide funds for the construction and equipping of certain improvements to the Civic Center Complex of the City of Chula Vista and other existing City facilities, fund capitalized interest, fund a reserve fund, and pay the costs incurred in connection with the execution and delivery of the Certificates. The source of repayment of the certificates is the lease payments to be made by the City to the Authority. Interest is payable semiannually on March 1 and September 1 of each year commencing September 1, 2006. The certificates mature in 2036 and principal is payable on March 1 each year commencing March 1, 2008. As of June 30, 2011 the outstanding balance is \$18,495,000.



**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

**6. LONG-TERM DEBT, Continued**

**C. Certificates of Participation, Continued**

2006 Civic Center Project Phase II COP, Continued

The annual debt service requirements for the 2006 Certificates of Participation Civic Center Project Phase II outstanding at June 30, 2011 are as follows:

<b>Year Ending June 30.</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2012	\$ 495,000	\$ 775,069	\$ 1,270,069
2013	510,000	758,239	1,268,239
2014	530,000	740,389	1,270,389
2015	550,000	721,309	1,271,309
2016	570,000	700,959	1,270,959
2017-2021	3,190,000	3,160,725	6,350,725
2022-2026	3,895,000	2,454,255	6,349,255
2027-2031	3,905,000	1,618,656	5,523,656
2032-2034	4,850,000	674,324	5,524,324
<b>Total</b>	<b>\$ 18,495,000</b>	<b>\$ 11,603,925</b>	<b>\$ 30,098,925</b>

2010 Refunding COP

In February 2010, the Chula Vista Public Financing Authority (Authority) issued \$29,355,000 in 2010 Certificates of Participation to provide funds for the construction, reconstruction, modernization and equipping of Phase 3 of the Civic Center Complex of the City of Chula Vista, to refinance the City's outstanding Certificates of Participation Series A of 2000 (2000 Financing Project), fund capitalized interest, fund a reserve fund, and pay the costs incurred in connection with the execution and delivery of the Certificates. The source of repayment of the certificates is the lease payments to be made by the City to the Authority. Interest is payable semiannually on March 1 and September 1 of each year commencing September 1, 2010. The certificates mature in 2033 and principal is payable on March 1 each year commencing March 01, 2014. As of June 30, 2011 the outstanding balance is \$ 29,355,000.

The annual debt service requirements for the 2011 Certificates of Participation Civic Center Project Phase II outstanding at June 30, 2011 are as follows:

<b>Year Ending June 30.</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2012	\$ -	\$ 1,477,206	\$ 1,477,206
2013	-	1,477,206	1,477,206
2014	1,015,000	1,477,206	2,492,206
2015	1,055,000	1,436,606	2,491,606
2016	1,085,000	1,402,319	2,487,319
2017-2021	6,205,000	6,258,719	12,463,719
2022-2026	7,875,000	4,574,419	12,449,419
2027-2031	10,175,000	2,272,875	12,447,875
2032-2034	1,945,000	161,975	2,106,975
<b>Total</b>	<b>\$ 29,355,000</b>	<b>\$ 20,538,531</b>	<b>\$ 49,893,531</b>

**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

**6. LONG-TERM DEBT, Continued**

**D. ERAF Loan**

	Balance July 1, 2010	Debt Issued	Debt Retired	Balance June 30, 2011	Classification	
					Due within One Year	Due in More Than One Year
2005 ERAF	\$ 430,000	\$ -	\$ (80,000)	\$ 350,000	\$ 80,000	\$ 270,000
2006 ERAF	625,000	-	(90,000)	535,000	95,000	440,000
<b>Total</b>	<b>\$ 1,055,000</b>	<b>\$ -</b>	<b>\$ (170,000)</b>	<b>\$ 885,000</b>	<b>\$ 175,000</b>	<b>\$ 710,000</b>

2005 ERAF

In May 2005, the Agency participated in a \$765,000 Loan Agreement with the California Statewide Communities Development Authority to finance their 2005 share of ERAF Payments to the County Auditor. The annual debt service payments are:

Year Ending June 30.	Principal	Interest	Total
2012	\$ 80,000	\$ 18,354	\$ 98,354
2013	85,000	14,526	99,526
2014	90,000	10,356	100,356
2015	95,000	5,880	100,880
<b>Total</b>	<b>\$ 350,000</b>	<b>\$ 49,116</b>	<b>\$ 399,116</b>

2006 ERAF

In May 2006, the Agency participated in a \$930,000 Loan Agreement with the California Statewide Communities Development Authority to finance their 2006 share of ERAF Payments to the County Auditor. The annual debt service payments are:

Year Ending June 30.	Principal	Interest	Total
2012	\$ 95,000	\$ 31,052	\$ 126,052
2013	100,000	25,784	125,784
2014	105,000	20,188	125,188
2015	115,000	14,282	129,282
2016	120,000	7,792	127,792
<b>Total</b>	<b>\$ 535,000</b>	<b>\$ 99,098</b>	<b>\$ 634,098</b>

**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

**6. LONG-TERM DEBT, Continued**

**E. Section 108 Loan**

	Balance July 1, 2010	Debt Issued	Debt Retired	Balance June 30, 2011	Classification	
					Due within One Year	Due in More Than One Year
Section 108 Loan	\$ 9,213,000	\$ -	\$ (302,000)	\$ 8,911,000	\$ 317,000	\$ 8,594,000
<b>Total</b>	<b>\$ 9,213,000</b>	<b>\$ -</b>	<b>\$ (302,000)</b>	<b>\$ 8,911,000</b>	<b>\$ 317,000</b>	<b>\$ 8,594,000</b>

Section 108 Loan

In June 2008, the City entered into a Contract for Loan Guarantee Assistance with the U.S. Department of Housing and Urban Development ("HUD") as part of the Section 108 Loan Program in the amount of \$9,500,000. The Section 108 Loan is an "advance" of future CDBG entitlement funds and, as such, is repaid with a portion of the City's annual entitlement. Proceeds of the loan will be used to fund multiple capital improvement projects. Debt service payments will be made with future CDBG entitlements for the next 20 years, interest payment beginning with fiscal year 2008/2009. As of June 30, 2011, the outstanding balance is \$8,911,000. The annual debt service payments are as follows:

Year Ending June 30.	Principal	Interest	Total
2012	\$ 317,000	\$ 428,866	\$ 745,866
2013	332,000	417,073	749,073
2014	349,000	403,752	752,752
2015	367,000	389,175	756,175
2016	385,000	373,242	758,242
2017-2021	2,235,000	1,577,359	3,812,359
2022-2026	2,851,000	946,107	3,797,107
2027-2029	2,075,000	171,542	2,246,542
<b>Total</b>	<b>\$ 8,911,000</b>	<b>\$ 4,707,116</b>	<b>\$ 13,618,116</b>

**F. Notes Payable**

	Balance July 1, 2010	Debt Issued	Debt Retired	Balance June 30, 2011	Classification	
					Due within One Year	Due in More Than One Year
Parking Structure Note	\$ 161,982	\$ -	\$ (37,513)	\$ 124,469	\$ 42,289	\$ 82,180
California Energy Commission Loan	873,256	42,286	(106,396)	809,146	148,561	660,585
<b>Total</b>	<b>\$ 1,035,238</b>	<b>\$ 42,286</b>	<b>\$ (143,909)</b>	<b>\$ 933,615</b>	<b>\$ 190,850</b>	<b>\$ 742,765</b>

**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

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**6. LONG-TERM DEBT, Continued**

***F. Notes Payable, Continued***

*Parking Structure Note*

In January 1994, the City entered into a note payable with a private party in order to purchase certain land and improvements for the ultimate purpose of constructing a three-level parking structure. The note calls for 240 monthly payments of principal and interest, commencing in April 1994 in the initial amount of \$2,548 and increasing 3% percent annually. The annual interest rate is 8.29%. As of June 30, 2011, the outstanding balance is \$124,469.

The annual debt service payments are as follows:

<b>Year Ending June 30.</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2012	\$ 42,289	\$ 8,753	\$ 51,042
2013	47,523	5,051	52,574
2014	34,657	1,086	35,743
<b>Total</b>	<b>\$ 124,469</b>	<b>\$ 14,890</b>	<b>\$ 139,359</b>

*California Energy Commission Loan*

On September 25, 2007, the City Council approved Resolution 2007-241 authorizing the City's participation in the California Energy Commission ("CEC") and the SDG&E On-Bill Financing program. The loans would bridge the financial gap between energy conservation project capital costs and the available rebates for energy conservation equipment. As of June 30, 2011, the outstanding balance is \$809,146.

The annual debt service payments are as follows:

<b>Year Ending June 30.</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2012	\$ 148,561	\$ 30,592	\$ 179,153
2013	154,566	24,586	179,152
2014	160,732	18,421	179,153
2015	167,143	12,009	179,152
2016	173,800	5,352	179,152
2017	4,344	86	4,430
<b>Total</b>	<b>\$ 809,146</b>	<b>\$ 91,046</b>	<b>\$ 900,192</b>

**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

**6. LONG-TERM DEBT, Continued**

**G. Capital Leases**

	Balance July 1, 2010	Debt Issued	Debt Retired	Balance June 30, 2011	Classification	
					Due within One Year	Due in More Than One Year
SD County Regional Comm. System	\$ 1,033,010	\$ -	\$ (237,369)	\$ 795,641	\$ 250,780	\$ 544,861
Medical Resuscitation Equipment	455,380	-	(153,717)	301,663	161,257	140,406
<b>Total</b>	<b>\$ 1,488,390</b>	<b>\$ -</b>	<b>\$ (391,086)</b>	<b>\$ 1,097,304</b>	<b>\$ 412,037</b>	<b>\$ 685,267</b>

SD County Regional Communication System

The City has participated in the San Diego County Regional Communications System ("RCS"). The City financed its share of the RCS network infrastructure over 14 years in the amount of \$2,809,405. The agreement with the County provided the City with full partnership in the RCS. As of June 30, 2011, the outstanding balance is \$795,641.

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2011, are as follows:

Year Ending June 30.	Principal	Interest	Total
2012	\$ 250,780	\$ 44,954	\$ 295,734
2013	264,948	30,785	295,733
2014	279,913	15,815	295,728
<b>Total</b>	<b>\$ 795,641</b>	<b>\$ 91,554</b>	<b>\$ 887,195</b>

Medical Resuscitation Equipment

On April 16, 2008 the City entered into a five year lease purchase agreement for the acquisition of medical resuscitation equipment manufactured by Zoll Medical Corporation for use by the Fire Department financed by Kansas State Bank of Manhattan in the amount of \$764,224. The medical equipment replaced the existing equipment that was beyond its useful performance life. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments at the inception date.

The assets acquired through capital lease are as follows:

<b>Assets:</b>	
Machinery & equipment	\$ 764,224
Less:	
Accumulated depreciation	(191,056)
<b>Total</b>	<b>\$ 573,168</b>

**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

**6. LONG-TERM DEBT, Continued**

**G. Capital Leases, Continued**

Medical Resuscitation Equipment, Continued

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2011, are as follows:

<b>Year Ending June 30.</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2012	\$ 161,257	\$ 10,959	\$ 172,216
2013	140,406	3,106	143,512
<b>Total</b>	<b>\$ 301,663</b>	<b>\$ 14,065</b>	<b>\$ 315,728</b>

**H. Special Assessment Debt - Non-City Obligations**

Bonds issued to finance public improvements projects in certain assessment districts are liabilities of the property owners and are secured by liens against the assessed property. The City acts as an agent for collection of principal and interest payments by the property owners and remittance of such monies to the bondholders. The City has no obligation or duty to pay any delinquency out of any available funds of the City. Neither the faith, credit, nor the taxing power of the City is pledged to the payment of the bonds. Therefore, none of the following obligations are included in the accompanying basic financial statements. At June 30, 2011, the special assessment debts outstanding are as follows:

	<b>Original Amount</b>	<b>Outstanding June 30, 2011</b>
CFD 06-1A Eastlake Woods, Vista, Land Swap	\$ 39,000,000	\$ 34,505,000
CFD 06-1B Eastlake Woods, Vista, Land Swap	7,880,000	7,095,000
CFD 01-2 McMillin Otay Valley Ranch Village 6	10,250,000	9,020,000
CFD 08-I Otay Ranch Village	21,655,000	19,290,000
CFD 07-I Otay Ranch Village II	28,050,000	23,140,000
CFD 12-I McMillin Otay Ranch Village 7	22,565,000	20,335,000
CFD 2001-1B San Miguel Ranch 2005 Improvement	12,230,000	11,415,000
CFD 13-I McMillin Otay Ranch Village 7	16,620,000	13,050,000
CFD 07-I McMillin Otay Ranch Village I	16,950,000	14,555,000
2005 Revenue Refunding Bonds	93,930,000	80,675,000
AD 94-I Eastlake Greens Phase II	7,464,474	3,080,000
RAD 2001-1 Refunding Revenue Bonds Residential	20,445,000	12,270,000
RAD 2001-2 Refunding Revenue Bonds Commercial	9,705,000	2,005,000
Industrial Development Revenue Bonds, 1992 Series A-D	250,000,000	150,000,000
Industrial Development Revenue Bonds, 1996 Series A-B	98,900,000	98,900,000
Industrial Development Revenue Bonds, 1997 Series A	25,000,000	25,000,000
Industrial Development Revenue Bonds, 2004 Series A-F	251,265,000	251,265,000
Industrial Development Revenue Bonds, 2006 Series A	161,240,000	161,240,000
<b>Total</b>	<b>\$ 1,093,149,474</b>	<b>\$ 936,840,000</b>

**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

**6. LONG-TERM DEBT, Continued**

**I. Multi-Family Housing Bonds - Non - City Obligations**

Bonds issued to finance public improvement and/or affordable multifamily housing projects are liabilities of the developers and are secured by liens against the assessed property. The City has no obligation or duty to pay any delinquency out of any available funds of the City. Neither the faith, credit, nor the taxing power of the City is pledged to the payment of the bonds. Therefore, none of the following obligations are included in the accompanying basic financial statements.

As of June 30, 2011, the total multifamily housing bonds outstanding are as follows:

	<b>Original Amount</b>	<b>Outstanding June 30, 2011</b>
1998 A Gateway Town Center	\$ 36,020,000	\$ -
1998 B Gateway Town Center	4,625,000	-
2000 A Pear Tree Manor Project	5,779,000	4,764,000
1999 A Villa Serena Project	5,566,500	5,340,000
1999 B Villa Serena Project	786,000	-
2007 A Oxford Terrace Apartments	2,276,000	1,926,000
2007 B Oxford Terrace Apartments	2,363,000	2,363,000
2006 A Teresina Apartment Projects	37,940,000	37,940,000
2007 C The Landing Apartment	16,670,000	5,933,259
<b>Total</b>	<b>\$ 112,025,500</b>	<b>\$ 58,266,259</b>

**J. Tax and Revenue Anticipation Notes**

The City did not issue Tax and Revenue Anticipation Notes in FY11.

**K. Debt Compliance**

At June 30, 2011, City management believes that the City has complied with all requirements of its various debt agreements.

**7. UNEARNED/DEFERRED REVENUE**

**A. Government-Wide Financial Statements**

At June 30, 2011, unearned revenue was reported as follows:

Public Facilities Development Impact Fee Prepayment	\$ 1,203,496
Grants	8,085,901
<b>Total</b>	<b>\$ 9,289,397</b>

**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

**7. UNEARNED/DEFERRED REVENUE, Continued**

**B. Fund Financial Statements**

At June 30, 2011, deferred revenue was reported as follows:

Interest receivable on:	
Advances to other funds	\$ 11,878,132
Loans receivable:	
South Bay Community Services	3,867,066
South Bay Community Villas, L.P.	4,400,000
St. Regis Park	1,387,152
Los Vecinos (Wakeland Housing & Development)	5,680,000
Seniors on Broadway (MAAC Project)	3,511,194
Rancho Vista Housing (Chelsea Investment Corp)	1,500,000
Alpha III Development (Main Plaza)	1,800,000
The Landings (Chelsea Investment Corp)	5,260,000
Long-term receivable	3,125,567
Public Facilities Development Impact Fee Prepayment	1,203,496
Grants	8,085,901
<b>Total</b>	<b>\$ 51,698,508</b>

**8. COMPENSATED ABSENCES**

**Government-Wide Financial Statements**

Summary of changes in governmental activities compensated absences for the year ended June 30, 2011 are as follows:

	Balance			Classification		
	July 1, 2010	Additions	Deletions	Balance June 30, 2011	Due within One Year	Due in More Than One Year
Compensated Absences	\$ 6,725,937	\$ 4,361,417	\$ (4,289,843)	\$ 6,797,511	\$ 4,000,000	\$ 2,797,511
<b>Total</b>	<b>\$ 6,725,937</b>	<b>\$ 4,361,417</b>	<b>\$ (4,289,843)</b>	<b>\$ 6,797,511</b>	<b>\$ 4,000,000</b>	<b>\$ 2,797,511</b>

The City's liability for vested and unpaid compensated absences (accrued vacation) has been accrued and amounts to \$6,797,511 at June 30, 2011. For the governmental activities claims and judgments and compensated absences are generally liquidated by the general fund. In business-type funds, the liabilities are reported in the fund as the benefits vest and are earned.

Compensated absences at June 30, 2011 are obligations of the following funds:

Governmental Funds	\$ 6,734,807
Fleet Mangement	62,704
	<b>\$ 6,797,511</b>



**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

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**9. OTHER REQUIRED FUND DISCLOSURES**

**A. Deficit Fund Balances**

At June 30, 2011, the following funds had deficit fund equity:

RDA Debt Service Fund	<u>\$ 18,777,353</u>
City Debt Service Fund	<u>\$ 36,617,176</u>

The Redevelopment Agency and City Debt Service funds have deficit fund balance because of their long term advances within each respective fund. The City expects to repay the advances via property tax increment and transfers from other funds for the Redevelopment Agency and City Debt Service funds, respectively.

**10. SELF-INSURANCE ACCRUED LIABILITIES**

The City is self-insured for the first \$500,000 per occurrence for its general liability losses including personal injury, property damage, errors and omissions, automobile liability and employment practices liability. For those losses between \$500,000 and \$2,000,000 per occurrence the City pools its liabilities through its membership in the San Diego Pooled Insurance Program Authority (SANDPIPA). Insurance for losses in excess of the \$2,000,000 up to \$45,000,000 is purchased on a group basis by the member cities.

SANDPIPA is a joint powers authority comprised of twelve San Diego County cities. The Board of Directors consists of one staff representative (and an alternate) from each of the member cities as designated by the city's governing body. Each member city has equal representation on the Board of Directors. The Board of Directors is liable for all actions of SANDPIPA.

The SANDPIPA Board of Directors establishes an Executive Committee that is responsible for the administration and operation of the risk management programs of SANDPIPA, subject to the control of the Board. The Executive Committee consists of the Board President, Vice-President, Treasurer and a member at-large nominated by the Board President and approved by a vote of the Board. The Executive Committee is responsible for the oversight of all SANDPIPA operations, including preparation and submittal of the Pool's annual budget to the Board for its review and approval.

Annual pool premiums and assessments are approved by the Board of Directors and are adjusted annually based on the member city's incurred losses; the member's share of such losses and other expenses as a proportion of all member's losses; historical contributions to reserves (including reserves for IBNR losses); the cost to purchase excess liability insurance and other coverage and a proportionate share of administrative expenses.

**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

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**10. SELF-INSURANCE ACCRUED LIABILITIES, Continued**

The City is self-insured for the first \$1,000,000 per occurrence for workers' compensation liabilities. Excess workers' compensation coverage is obtained through participation in the CSAC Excess Insurance Authority's Excess Workers' Compensation Program. As of June 30, 2011, there are 164 member entities participating in the program that offers per occurrence coverage up to \$5,000,000 through pooled resources and from \$5,000,000 to statutory limits via group purchased excess insurance policies.

Only the probable amounts of loss as estimated by the City's Risk Manager and Attorney, including an estimate of incurred-but-not reported losses, have been recorded as liabilities in the accompanying basic financial statements. There were no reductions in insurance from the prior year and there were no insurance settlements that exceeded coverage in each of the past three years.

The aggregate change in the balance of claims payable as recorded in the Governmental Activities were as follows:

	<b>Beginning of Fiscal Year Liability</b>	<b>Claims and Changes in Estimates</b>	<b>Claims Payments</b>	<b>Balance at Fiscal Year End</b>
2008-2009	\$ 15,667,881	\$ 6,298,675	\$ (4,096,607)	\$ 17,869,949
2009-2010	17,869,949	4,554,348	(3,622,693)	18,801,604
2010-2011	18,801,604	7,960,587	(4,330,098)	22,432,093

The liabilities for claims and judgments typically will be liquidated from the General Fund.

**11. PENSION PLANS**

**A. California Public Employees' Retirement Plan**

Plan Description

The City contributes to the California Public Employees' Retirement System ("PERS"), an agent multiple-employer public employees defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office located at 400 P Street, Sacramento, California 95814.

**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

**11. PENSION PLANS, Continued**

**A. California Public Employees' Retirement Plan, Continued**

Funding Policy

Active plan members are required by State statute to contribute 8% for miscellaneous and 9% for safety employees of their annual covered salary. The City employees make the required contributions with the following effective dates: Miscellaneous CVEA, 2% on January 1, 2011, 2% on July 1, 2011, 2% on January 1, 2012 and 2% on June 30, 2012; Miscellaneous Other than CVEA, 8% on January 14, 2011; Safety POA, 3% on January 14, 2011, 1.5% on July 1, 2011, 2.25% on January 1, 2012 and 2.25% on July 1, 2012; Safety IAFF, 9% on January 14, 2011. The City employer is required to contribute at an actuarial determined rate of 19.599% of annual covered payroll for miscellaneous employees and 22.654% of annual covered payroll for safety employees for the fiscal year ended June 30, 2011.

Readers of this document are advised to refer directly to the full disclosure of actuarial and funding practices of the multi-employer CalPERS system, which this agency does not control. CalPERS may employ actuarial techniques such as extended smoothing and amortization periods that would result in future increases in required employer contributions which are not reflected in these financial statements, particularly in the event of any future changes in governmental financial reporting standards and system-wide funding practices. Further information on its financial practices should be requested from CalPERS.

Annual Pension Cost

For 2010-2011, the City's annual pension cost of \$17,865,618 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2008, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases range from 3.25% to 14.45% for miscellaneous employees and 3.25% to 13.19% for safety employees depending on age, service, and type of employment, and (c) 3.25% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three year period. PERS unfunded actuarial accrued liability (or surplus) for both miscellaneous and safety employees are being amortized as a level percentage of projected payrolls over a closed 20-year period for prior and current service unfunded liability.

**THREE-YEAR TREND INFORMATION FOR PERS**

Fiscal Year	Annual Pension Cost (APC)			Percentage of APC Contributed	Net Pension Obligation	Net Pension Asset
	Miscellaneous Employees	Safety Employees	Total			
6/30/2009	\$ 9,822,760	\$ 9,115,682	\$ 18,938,442	100%	\$ -	\$ 7,674,873
6/30/2010	9,082,303	8,783,315	17,865,618	100%	-	5,601,547
6/30/2011	9,952,829	9,139,398	19,092,227	100%	-	3,175,108

**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

**11. PENSION PLANS, Continued**

**A. California Public Employees' Retirement Plan, Continued**

The City's changes in net pension asset for the year ended June 30, 2011, are as follows:

	2011	2010	2009
Annual required contribution	\$ (16,665,788)	\$ (15,792,292)	\$ (17,153,120)
Interest on net pension assets	434,120	594,803	733,165
Adjustment to the annual required contribution	(2,860,559)	(2,668,129)	(2,518,487)
Annual pension cost	(19,092,227)	(17,865,618)	(18,938,442)
Contribution made	16,665,788	15,792,292	17,153,120
Decrease in net pension asset	(2,426,439)	(2,073,326)	(1,785,322)
Net pension asset, beginning of year	5,601,547	7,674,873	9,460,195
Net pension asset, end of year	\$ 3,175,108	\$ 5,601,547	\$ 7,674,873

Most Recent Actuarial Study – Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Assets Value	Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Liability as Percentage of Covered Payroll
<b>Miscellaneous:</b>						
6/30/2010	\$ 271,275,031	\$ 355,519,797	\$ 84,244,766	76.30%	\$ 43,498,397	193.67%
<b>Safety:</b>						
6/30/2010	\$ 255,698,516	\$ 295,764,402	\$ 40,065,886	86.45%	\$ 34,149,134	117.33%

**B. Defined Contribution Pension Plan**

The City provides pension plan benefits for all of its part-time employees through a defined contribution plan (Public Agency Retirement Plan). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan is administered by Phase II Systems. All part-time employees are eligible to participate from the date of employment. Federal legislation requires contributions of at least 7.5% to a retirement plan, and City Council resolved to match the employees' contributions of 3.75%. The City's contributions for each employee (and interest earned by the accounts) are fully vested immediately.

For the year ended June 30, 2011, the City's total payroll and covered payroll was \$1,413,674. The City made employer contributions of \$53,013 (3.75% of current covered payroll), and employees contributed \$55,394 (3.75% of current covered payroll).

**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

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**12. OTHER POSTEMPLOYMENT BENEFITS**

Plan Description

The City provides a Retiree Healthcare Plan, a single employer defined benefit plan, which allows retirees to purchase healthcare coverage under the City's medical plan. Retirees pay 100% of the premiums. Retirees not eligible for Medicare pay the same healthcare premiums as active employees, even though retiree's healthcare costs are greater than that of active employees. This results in an implied subsidy of retiree's healthcare costs by the City. In FY11, the City entered into an agreement with various bargaining groups eliminating the subsidized retiree health care rates for employees hired under the Second Tier CalPERS Retirement Plan. The postemployment benefit is a single-employer plan. The plan has not been audited and therefore, there is no audited GAAP-basis postemployment benefit plan report available.

On April 22, 2008 the City Council approved a medical incentive program for early retirement, the City offered to pay the employees' single premium until December 31, 2009 if the employee retired between May 5, 2008 to June 5, 2008. On December 16, 2008, the City Council approved a third resolution to pay the employees' single premium until December 31, 2009 and December 31, 2010 if the employee retired between January 1, 2009 to March 27, 2009 and March 28, 2009 to June 26, 2009 respectively.

Eligibility

Employees are eligible for retiree health benefits if they retired from the City on or after age 50 (unless disabled) and are eligible for PERS pension. The benefits are available only to employees who retired from the City. Membership of the plan consisted of the following at June 30, 2011:

	<u>Police</u>	<u>Fire</u>	<u>Miscellaneous</u>	<u>Total</u>
Eligible active employee	211	121	553	885
Enrolled eligible retirees	29	19	149	197

The above does not reflect current retirees not enrolled in the healthcare plan that are eligible to enroll in the plan at a later date.

Funding Policy

The City offers an implied subsidy benefit paid from the City's general fund. The City's contribution is based on pay as-you-go. The retirees pay 100% of their individual premium except for the retirees who retired under the incentive plan. The City is contributing amounts between \$379 and \$676 in premiums on behalf of the employees who retired under the incentive plan.

Annual Other Postemployment Benefits (OPEB) Cost and Net OPEB Obligations

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) not to exceed thirty years.

**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

**12. OTHER POSTEMPLOYMENT BENEFITS, Continued**

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

	2011	2010	2009
Annual required contribution	\$ 1,470,000	\$ 1,423,000	\$ 1,407,000
Interest on net OPEB obligation	108,000	74,790	28,744
Adjustment to the annual required contribution	-	-	-
Net OPEB cost	1,578,000	1,497,790	1,435,744
Contribution made	(574,000)	(702,598)	(320,688)
Decrease in net pension asset	1,004,000	795,192	1,115,056
Net pension asset, beginning of year	2,549,000	1,753,808	638,752
Net pension asset, end of year	\$ 3,553,000	\$ 2,549,000	\$ 1,753,808

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009, 2010 and 2011 were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Increase in Net OPEB Obligation	Net OPEB Obligation
6/30/2009	\$ 1,435,744	53%	\$ 1,115,056	\$ 1,753,808
6/30/2010	1,498,000	21%	795,192	2,549,000
6/30/2011	1,578,000	47%	1,004,000	3,553,000

*Funding Status and Progress*

As of June 30, 2009, the most recent actuarial valuation date, the plan was not funded in its initial year of implementation. The actuarial accrued liability for benefits was \$11,885,000, and the actuarial value of assets was \$0, resulting in an unfunded actuarial liability ("UAAL") of \$11,885,000 and a funded ratio (actuarial value of assets as a percentage of the actuarial liability) of 0 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about the future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

**12. OTHER POSTEMPLOYMENT BENEFITS, Continued**

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purpose are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefits costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial liabilities and the actuarial assets, consistent with the long-term respective of the calculations.

The actuarial cost method used for determining the benefit obligation is the Entry Age Normal Cost Method. The actuarial assumptions included a 4.25% discount rate, the inflation rate for HMO's starts at 9.7% (the increase in 2010 premiums over 2009) and grades down to 4.5% (2017 premiums over 2016) and remains at 4.5% into the future. This assumption means healthcare is assumed to increase, on the average, 7.1% for HMO's and 7.5% for PPO's a year for the next 8 years after 2009. The general inflation assumption rate is 3% and is assumed that healthcare will level off at 1.5% over general inflation. The UAAL is being amortized as a level percentage of projected payroll over 30 years (amortization period is closed).

Most Recent Actuarial Study – Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Assets Value	Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Liability as Percentage of Covered Payroll
6/30/2009	\$ -	\$ 11,885,000	\$ 11,885,000	0.00%	\$ 69,087,000	17.20%

**13. POLLUTION REMEDIATION OBLIGATIONS**

In accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, the City is required to estimate the components of expected pollution remediation outlays and determine whether outlays for those components should be accrued as a liabilities or, if appropriate, capitalized when goods and services are acquired if one of the following five specified obligating events occurs:

- The City is compelled to take pollution remediation action because of an imminent endangerment;
- The City violates a pollution prevention-related permit or license;
- The City is named, or evidence indicates that it will be named, by a regulator as a responsible party or potentially responsible party for remediation, or as a government responsible for sharing costs;
- The City is named, or evidence indicates that it will be named, in a lawsuit to compel participation in pollution remediation;
- The City commences or legally obligates itself to commence pollution remediation.

**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

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**13. POLLUTION REMEDIATION OBLIGATIONS, Continued**

At June 30, 2011, the City identified the following sites which met one of the above obligating events:

Otay Valley

The City is preparing a remedial action plan for the County of San Diego for approval. The estimate clean-up cost for two foot cap of clean fill material and monitoring is approximately \$500,000. This estimate was based on cost estimates provided by outside engineers. This estimate is subject to revision because of price increases or reductions, changes in technology, or changes in applicable laws or regulations.

Corp Yard

The estimate installation costs of groundwater monitoring wells and monitoring activity is approximately \$150,000. This estimate is based on the installation of additional ground water monitoring wells and about five years to get the site closed with the cost of \$20,000 per year in testing and reporting and about \$10,000 a year in staff time. This estimate is subject to the test result or changes in applicable laws or regulations. The intent is to monitor for natural attenuation, however, the City believes that after another round of monitoring, the site will be closed.

The City secured a pollution and remediation legal liability insurance to cover pollution and remediation legal liability, legal defense expense and contingent transportation coverage in the amount of \$10,000,000 per occurrence up to \$50,000,000 in aggregate liability with a self-insured retention amount of \$100,000 per occurrence. At June 30, 2011, the City recorded pollution remediation obligations in the amount of \$650,000 on the Government-Wide Statement of Net Assets and allocated the total amount to General Government on the Government-Wide Statement of Activities and Changes in Net Assets.

The pollution remediation costs for Otay Valley and Corp Yard are not covered by this insurance, however, the City will be covered should there be claims against the City/Agency by third parties.

**14. COMMITMENTS AND CONTINGENCIES**

The City is presently involved in certain matters of litigation that have arisen in the normal course of conducting City business. City management believes, based upon consultation with the City Attorney, that these cases, in the aggregate, are not expected to result in a material adverse financial impact on the City. Additionally, City management believes that the City's insurance programs are sufficient to cover any potential losses should an unfavorable outcome materialize.

The City participates in a number of federally assisted grant programs, including those from the U.S. Department of Housing and Urban Development, U.S. Department of Justice, U.S. Department of Treasury, U.S. Department of Transportation, and the U.S. Department of Education. Receipts from these grant programs are subject to audit to determine if the monies were expended in accordance with appropriate statutes, grant terms and regulations. The City believes no significant liabilities will result on this audit.



**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

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**14. COMMITMENTS AND CONTINGENCIES, Continued**

The General Fund has loaned a cumulative amount of \$913,429 to the Agency for unreimbursed services rendered by City staff. It is anticipated that the Agency will repay this loan from tax increment revenues. Currently, tax increment revenues are used to pay for related debt service expenditures and possible future debt issuance. As a result, the Agency is uncertain if the amount will be repaid to the City's General Fund. Accordingly, this contingent payable has not been reported in accompanying basic financial statements. The Agency will record the contingent payable when payment is assured.

**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

**15. CLASSIFICATION OF FUND BALANCES**

	Major Funds							Nonmajor Governmental Funds	Total
	General Fund	Sundry Grants Special Revenue Fund	RDA Special Revenue Fund	RDA Debt Service Fund	City Debt Service Fund	Development Impact Fund	Park Acquisition Development Fund		
<b>Nonspendable</b>									
Prepaid items	\$ 72,852	\$ 274,161	-	-	-	-	-	-	347,013
Loans receivable	11,185,298	297,719	6,507,622	-	-	10,680,000	-	3,910,347	32,580,986
<b>Total nonspendable</b>	<b>11,258,150</b>	<b>571,880</b>	<b>6,507,622</b>	<b>-</b>	<b>-</b>	<b>10,680,000</b>	<b>-</b>	<b>3,910,347</b>	<b>32,927,999</b>
<b>Restricted</b>									
Tax revenue bonds	-	-	-	3,579,294	-	-	-	-	3,579,294
Gas Tax	-	-	-	-	-	-	-	290,414	290,414
Traffic signals and safety	-	-	-	-	-	-	-	3,562,467	3,562,467
Parking meter services	-	-	-	-	-	-	-	386,747	386,747
SLESF - law enforcement	-	106,399	-	-	-	-	-	-	106,399
Assets forfeiture - drug enforcement and education	-	749,690	-	-	-	-	-	-	749,690
Fire grant for vegetation management	127,883	-	-	-	-	-	-	-	127,883
Community and housing development	-	5,579,752	5,575,934	-	-	-	-	8,983,021	20,138,707
Police grants and services	-	40,900	-	-	-	-	-	-	40,900
Library services grant	-	450,099	-	-	-	-	-	-	450,099
Park and recreation grants	-	106,186	-	-	-	-	-	-	106,186
Federal grants	-	(14,543)	-	-	-	-	-	-	(14,543)
State grants	-	12,180	-	-	-	-	-	-	12,180
ARRA grants	-	(164,416)	-	-	-	-	-	-	(164,416)
Waste management, recycling and environ. grants	-	1,169,152	-	-	-	-	-	-	1,169,152
Telegraph Canyon Drainage	-	-	-	-	-	6,066,942	-	-	6,066,942
Public facilities	-	-	-	-	-	5,138,720	-	-	5,138,720
Otay Ranch Village ramp and bridge	-	-	-	-	-	3,067,075	-	-	3,067,075
Transportation improvements	-	-	-	-	-	15,205,624	-	1,766,448	16,972,072
Park acquisitions and development	-	-	-	-	-	-	31,698,781	-	31,698,781
Storm drain	-	-	-	-	-	-	-	188,184	188,184
Open space maintenance	-	-	-	-	-	-	-	13,932,397	13,932,397
Assessment districts improvement	-	-	-	-	-	-	-	2,467,287	2,467,287
<b>Total restricted</b>	<b>127,883</b>	<b>8,035,399</b>	<b>5,575,934</b>	<b>3,579,294</b>	<b>-</b>	<b>29,478,361</b>	<b>31,698,781</b>	<b>31,576,965</b>	<b>110,072,617</b>
<b>Committed</b>									
Fire Equipment	65,735	-	-	-	-	-	-	-	65,735
Economic contingency	3,044,286	-	-	-	-	-	-	138,023	3,182,309
Debt service	-	-	-	-	-	-	-	17,232,590	17,232,590
Capital projects	4,068,817	-	-	-	-	-	-	-	4,068,817
<b>Total committed</b>	<b>7,178,838</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,370,613</b>	<b>24,549,451</b>
<b>Assigned</b>									
Economic development	33,500	-	-	-	-	-	-	-	33,500
Fire telestaff services	10,094	-	-	-	-	-	-	-	10,094
Asset management strategic advisor services	19,566	-	-	-	-	-	-	-	19,566
Building maintenance	60,000	-	-	-	-	-	-	-	60,000
Damage to City property	40,000	-	-	-	-	-	-	-	40,000
Other professional and contractual services	12,279	-	-	-	-	-	-	-	12,279
Supplies and services	10,613	-	-	-	-	-	-	-	10,613
Web design and development	3,632	-	-	-	-	-	-	-	3,632
Legal services	20,244	-	-	-	-	-	-	-	20,244
Continuous improvement	12,000	-	-	-	-	-	-	-	12,000
Customer service project	8,750	-	-	-	-	-	-	-	8,750
Computer equipment	15,323	-	-	-	-	-	-	-	15,323
Library books and publications	58,491	-	-	-	-	-	-	-	58,491
Maintenance and support of MS exchange	4,500	-	-	-	-	-	-	-	4,500
Software migration and update	22,126	-	-	-	-	-	-	-	22,126
Leave pay out	68,368	-	-	-	-	-	-	-	68,368
Strategic public communications framework	36,250	-	-	-	-	-	-	-	36,250
Master fee scheudle update	40,000	-	-	-	-	-	-	-	40,000
Graffiti tracker services	11,650	-	-	-	-	-	-	-	11,650
Cost based development procesing fee study	16,980	-	-	-	-	-	-	-	16,980
Water system pintle adapter	4,345	-	-	-	-	-	-	-	4,345
Capital improvement	110,331	-	-	-	-	-	-	-	110,331
Reimbursement to other agency	203,481	-	-	-	-	-	-	-	203,481
Public financial management	163,000	-	-	-	-	-	-	-	163,000
Public liability	1,322,852	-	-	-	-	-	-	-	1,322,852
Worker's compensation	2,990,161	-	-	-	-	-	-	-	2,990,161
<b>Total assigned</b>	<b>5,298,536</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,298,536</b>
<b>Unassigned</b>	<b>11,876,992</b>	<b>-</b>	<b>-</b>	<b>(22,356,647)</b>	<b>(36,617,176)</b>	<b>-</b>	<b>-</b>	<b>(118,519)</b>	<b>(47,215,350)</b>
<b>Total fund balances</b>	<b>\$ 35,740,399</b>	<b>\$ 8,607,279</b>	<b>\$ 12,083,556</b>	<b>\$ (18,777,353)</b>	<b>\$ (36,617,176)</b>	<b>\$ 40,158,361</b>	<b>\$ 31,698,781</b>	<b>\$ 52,739,406</b>	<b>\$ 125,633,253</b>

**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

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**16. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES**

On June 29, 2011, the Governor of the State of California signed Assembly Bills X1 26 and 27 as part of the State's budget package. Assembly Bill X1 26 requires each California redevelopment agency to suspend nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for the impending dissolution of the agency. Assembly Bill X1 27 provides a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program. Under this program, each city would adopt an ordinance agreeing to make certain payments to the County Auditor Controller in fiscal year 2011-12 and annual payments each fiscal year thereafter. Assembly Bill X1 27 indicates that the city "may use any available funds not otherwise obligated for other uses" to make this payment. The City of Chula Vista intends to use available monies of its redevelopment agency for this purpose and the City and Agency have approved a reimbursement agreement to accomplish that objective. The amounts to be paid after fiscal year 2012-13 have yet to be determined by the state legislature.

Assembly Bill X1 26 directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by Assembly Bill X1 26.

In the event that Assembly Bill X1 26 is upheld, the interagency receivable recognized by funds of the City that had previously loaned or advanced funds to the redevelopment agency may become uncollectible resulting in a loss recognized by such funds. The City might additionally be impacted if reimbursements previously paid by the redevelopment agency to the City for shared administrative services are reduced or eliminated.

The League of California Cities and the California Redevelopment Association (the "CRA") filed a lawsuit on July 18, 2011 on behalf of cities, counties and redevelopment agencies petitioning the California Supreme Court to overturn Assembly Bills X1 26 and 27 on the grounds that these bills violate the California Constitution. On August 11, 2011, the California Supreme Court issued a stay of all of Assembly Bill X1 27 and most of Assembly Bill X1 26. The California Supreme Court stated in its order that "the briefing schedule is designed to facilitate oral argument as early as possible in 2011, and a decision before January 15, 2012." A second order issued by the California Supreme Court on August 17, 2011 indicated that certain provisions of Assembly Bills X1 26 and 27 were still in effect and not affected by its previous stay, including requirements to file an appeal of the determination of the community remittance payment by August 15, the requirement to adopt an Enforceable Obligations Payment Schedule ("EOPS") by August 29, 2011, and the requirement to prepare a preliminary draft of the initial Recognized Obligation Payment Schedule ("ROPS") by September 30, 2011.

Because the stay provided by Assembly Bill X1 26 only affects enforcement, each agency must adopt an Enforceable Obligation Payment Schedule and draft Recognized Obligation Payment Schedule prior to September 30, as required by the statute. Enforceable obligations include bonds, loans and payments required by the federal or State government; legally enforceable payments required in connection with agency employees such as pension payments and unemployment payments, judgments or settlements; legally binding and enforceable agreements or contracts; and contracts or agreements necessary for the continued administration or operation of the agency that are permitted for purposes set forth in AB1X 26.

**City of Chula Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

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**16. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES, Continued**

On August 9, 2011, City Ordinance No. 3202 was adopted, indicating that the City will comply with the Voluntary Alternative Redevelopment Program in order to permit the continued existence and operation of the agency, in the event Assembly Bills X1 26 and/or 27 are upheld as constitutional. The initial payment by the City is estimated to be \$4,084,827 for the year ended June 30, 2012. Thereafter, an estimated \$1,173,156 will be due annually. The amounts to be paid after fiscal year 2012-13 have yet to be determined by the State Legislature. The semi-annual payments will be due on January 15 and May 15 of each year and would increase or decrease with changes in tax increment. Additionally, an increased amount would be due to schools if any "new debt" is incurred. Assembly Bill X1 27 allows a one-year reprieve on the agency's obligation to contribute 20% of tax increment to the low-and-moderate-income housing fund so as to permit the Agency to assemble sufficient funds to make its initial payments. Failure to make these payments would require agencies to be terminated under the provisions of ABX1 26.

Management believes that the Agency will have sufficient funds to pay its obligations as they become due during the fiscal year ending June 30, 2012. The nature and extent of the operation of redevelopment agencies in the State of California beyond that time frame are dependent upon the outcome of litigation surrounding the actions of the state. In the event that Assembly Bills X1 26 and/or 27 are specifically found by the courts to be unconstitutional, there is a possibility that future legislative acts may create new challenges to the ability of redevelopment agencies in the State of California to continue in view of the California State Legislature's stated intent to eliminate California redevelopment agencies and to reduce their funding.

**17. RELATED PARTY TRANSACTIONS**

***A. Purchase and Sale Agreement with the City***

On July 1, 2010, the Town Centre II Otay Valley Southwest Merged Capital Projects fund sold two parcels of lands (14.41 acres) to the Park Acquisition Fund at the appraised value of \$9,630,000. The parcels located in the lower Sweetwater Valley were originally purchased by the Agency in June 1986 for \$166,107.

***B. Accounting and Financial Reporting***

*Government-Wide Financial Statements*

The gain was eliminated in the government-wide financial statements and the land was recorded at the historical cost of \$166,107.

*Fund Financial Statements*

The Town Centre II Otay Valley Southwest Merged Capital Projects fund recorded the cash receipts as well as a gain on sale of property of \$ 9,463,893 in other financing sources. The Park Acquisition Fund recorded the purchase as a capital outlay.

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# REQUIRED SUPPLEMENTARY INFORMATION

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**City of Chula Vista**  
**Required Supplementary Information**  
**For the year ended June 30, 2011**

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**1. BUDGETARY INFORMATION**

An annual budget is adopted by the City Council prior to the first day of the fiscal year. The budget process includes submittal of each department's budget request for the next fiscal year, a detailed review of each department's proposed budget by the City Manager, and a final City Manager recommended budget transmitted to the City Council for its review before the required date of adoption. Once transmitted to the City Council, the proposed budget is made available for public inspection. A public hearing is held to give the public the opportunity to comment upon the proposed budget. Notice of such public hearing is published in a newspaper of general circulation.

The adoption of the budget is accomplished by the approval of a Budget Resolution. The legal level of budgetary control is at the department level. Any budget modification, which would result in an appropriation increase, requires City Council approval. The City Manager and Finance Director are jointly authorized to transfer appropriations up to \$15,000 within a departmental budget. Any appropriation transfers between departments or greater than \$15,000 require City Council approval.

Reported budget figures are as originally adopted or subsequently amended plus prior year continuing appropriations. Such budget amendments during the year, including those related to supplemental appropriations, did not cause these reported budget amounts to be significantly different than the originally adopted budget amounts. All appropriations which are not obligated, encumbered or expended at the end of the fiscal year lapse and become a part of the unreserved fund balance which may be appropriated for the next fiscal year.

An annual budget for the year ended June 30, 2011, was adopted and approved by the City Council for the general, special revenue and debt service funds except for the Developer's Deposit Special Revenue fund, which is used to account for various developer deposit for development projects and is used to fund staff costs and other costs related to specific projects. These budgets are prepared on the modified accrual basis of accounting. The budgets of the capital projects funds are primarily long-term budgets, which emphasize major programs and capital outlay plans extending over a number of years. Because of the long-term nature of these projects, annual budget comparisons are not considered meaningful, and accordingly, no budgetary information for capital projects funds is included in the accompanying basic financial statements.

**City of Chula Vista**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2011**

**1. BUDGETARY INFORMATION, Continued**

*Budgetary Comparison Schedule, General Fund*

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>REVENUES:</b>				
Taxes	\$ 69,032,894	\$ 69,032,894	\$ 69,441,761	\$ 408,867
Intergovernmental	18,573,081	18,751,111	18,748,469	(2,642)
Licenses and permits	1,894,330	1,897,530	2,777,946	880,416
Charges for services	10,448,779	10,759,146	9,721,746	(1,037,400)
Fines and forfeitures	2,059,980	2,084,980	1,708,846	(376,134)
Use of money and property	6,362,385	6,512,385	6,923,963	411,578
Other	14,729,580	14,928,684	16,689,172	1,760,488
<b>Total revenues</b>	<b>123,101,029</b>	<b>123,966,730</b>	<b>126,011,903</b>	<b>2,045,173</b>
<b>EXPENDITURES:</b>				
Current:				
General government:				
City council	1,202,006	1,302,357	1,141,003	161,354
Boards and Commissions	14,736	14,736	8,723	6,013
City clerks	935,790	935,790	796,215	139,575
City attorney	2,170,379	2,194,097	1,958,964	235,133
Administration	1,788,254	1,820,185	1,706,967	113,218
Management and information	3,227,354	3,295,441	3,037,541	257,900
Human resources	9,318,033	9,340,033	7,764,538	1,575,495
Finance	3,209,771	3,242,021	2,983,740	258,281
Planning and building	8,840,995	8,992,056	8,082,647	909,409
Total general government	30,707,318	31,136,716	27,480,338	3,656,378
Public safety:				
Police	44,080,096	44,175,096	43,099,971	1,075,125
Fire	22,002,295	22,200,272	21,772,254	428,018
Total public safety	66,082,391	66,375,368	64,872,225	1,503,143
Public works:				
Engineering	4,184,327	4,184,327	3,925,118	259,209
General services	24,023,636	24,184,107	22,146,498	2,037,609
Total public works	28,207,963	28,368,434	26,071,616	2,296,818
Parks and recreation	4,800,997	4,791,930	4,030,767	761,163
Library	4,794,178	4,851,778	3,870,646	981,132
Furlough and pension obligation bonds	(877,499)	(765,114)	1,087,725	(1,852,839)
Capital outlay	1,125,000	4,608,086	428,936	4,179,150
<b>Total expenditures</b>	<b>134,840,348</b>	<b>139,367,198</b>	<b>127,842,253</b>	<b>11,524,945</b>
<b>REVENUES OVER</b>				
<b>(UNDER) EXPENDITURES</b>	<b>(11,739,319)</b>	<b>(15,400,468)</b>	<b>(1,830,350)</b>	<b>13,570,118</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	8,997,369	20,356,302	11,304,257	(9,052,045)
Transfers out	(5,409,334)	(6,721,773)	(6,915,308)	(193,535)
<b>Total other financing sources (uses)</b>	<b>3,588,035</b>	<b>13,634,529</b>	<b>4,388,949</b>	<b>(9,245,580)</b>
<b>Net change in fund balance</b>	<b>\$ (8,151,284)</b>	<b>\$ (1,765,939)</b>	<b>2,558,599</b>	<b>\$ 4,324,538</b>
<b>Fund balance:</b>				
Beginning of year			33,181,800	
End of year			<b>\$ 35,740,399</b>	



**City of Chula Vista**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2011**

**1. BUDGETARY INFORMATION, Continued**

*Budgetary Comparison Schedule, Sundry Grants Special Revenue Fund*

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>Revenues:</b>				
Intergovernmental	\$ 13,783,178	\$ 15,973,777	\$ 20,121,565	\$ 4,147,788
Charges for services	979,000	979,000	1,029,040	50,040
Use of money and property	20,000	20,000	55,235	35,235
Other	69,900	2,121,500	241,100	(1,880,400)
Total revenues	14,852,078	19,094,277	21,446,940	2,352,663
<b>Expenditures:</b>				
Current:				
General government	920,714	7,273,105	5,139,261	2,133,844
Public safety	5,880,259	8,187,063	5,276,474	2,910,589
Public works	4,779,360	7,674,076	4,881,144	2,792,932
Parks and recreation	1,600	1,600	-	1,600
Capital outlay	5,952,119	12,856,007	7,739,089	5,116,918
Total expenditures	17,534,052	35,991,851	23,035,968	12,955,883
<b>REVENUES OVER</b>				
<b>(UNDER) EXPENDITURES</b>	(2,681,974)	(16,897,574)	(1,589,028)	15,308,546
<b>Other Financing Sources (Uses)</b>				
Issuance of debt	-	-	42,286	42,286
Transfers in	157,226	157,226	350,761	193,535
Transfers out	(1,028,824)	(1,087,299)	(1,048,066)	39,233
Total other financing sources (uses)	(871,598)	(930,073)	(655,019)	275,054
<b>Net change in fund balance</b>	<u>\$ (3,553,572)</u>	<u>\$ (17,827,647)</u>	<u>(2,244,047)</u>	<u>\$ 15,583,600</u>
<b>Fund balance:</b>				
Beginning of year			10,851,326	
End of year			<u>\$ 8,607,279</u>	

**City of Chula Vista**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2011**

**1. BUDGETARY INFORMATION, Continued**

*Budgetary Comparison Schedule, Redevelopment Agency Special Revenue Fund*

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>Revenues:</b>				
Taxes	\$ 2,900,763	\$ 2,900,763	\$ 2,764,588	\$ (136,175)
Use of money and property	17,885	17,885	89,340	71,455
Other	-	-	50	50
Total revenues	2,918,648	2,918,648	2,853,978	(64,670)
<b>Expenditures:</b>				
Current:				
General government	4,672,456	4,679,704	557,097	4,122,607
Total expenditures	4,672,456	4,679,704	557,097	4,122,607
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,753,808)</b>	<b>(1,761,056)</b>	<b>2,296,881</b>	<b>4,057,937</b>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(144,500)	(9,344,500)	(4,394,500)	4,950,000
Total other financing sources (uses)	(144,500)	(9,344,500)	(4,394,500)	4,950,000
<b>Net change in fund balance</b>	<b>\$ (1,898,308)</b>	<b>\$ (11,105,556)</b>	<b>(2,097,619)</b>	<b>\$ 9,007,937</b>
<b>Fund balance:</b>				
Beginning of year			14,181,175	
End of year			\$ 12,083,556	

**City of Chula Vista**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2011**

**PUBLIC EMPLOYEE RETIREMENT SYSTEMS (PERS)**  
**SCHEDULE OF FUNDING PROGRESS**

Miscellaneous Employees

Actuarial Valuation Date	Actuarial Assets Value	Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Liability as Percentage of Covered Payroll
6/30/2008	\$ 245,868,607	\$ 281,675,066	\$ 35,806,459	87.29%	\$ 58,318,509	61.40%
6/30/2009	\$ 258,234,202	\$ 308,462,529	\$ 50,228,327	83.72%	\$ 49,459,253	101.55%
6/30/2010	\$ 271,275,031	\$ 355,519,797	\$ 84,244,766	76.30%	\$ 43,498,397	193.67%

Safety Employees

Actuarial Valuation Date	Actuarial Assets Value	Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Liability as Percentage of Covered Payroll
6/30/2008	\$ 226,791,902	\$ 255,548,074	\$ 28,756,172	88.75%	\$ 34,665,240	82.95%
6/30/2009	\$ 240,935,156	\$ 279,516,735	\$ 38,581,579	86.20%	\$ 33,931,276	113.71%
6/30/2010	\$ 255,698,516	\$ 295,764,402	\$ 40,065,886	86.45%	\$ 34,149,134	117.33%

**OTHER POST EMPLOYMENT BENEFITS**  
**SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Assets Value	Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Liability as Percentage of Covered Payroll
6/30/2007	\$ -	\$ 9,608,000	\$ 9,608,000	0.00%	\$ 93,172,648	10.31%
6/30/2009	\$ -	\$ 11,885,000	\$ 11,885,000	0.00%	\$ 69,087,000	17.20%

OPEB information is not available in earlier years as the City adopted GASB Statement No. 45 in 2008.

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# **SUPPLEMENTARY INFORMATION**

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# NON-MAJOR GOVERNMENTAL FUNDS

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## SPECIAL REVENUE FUNDS:

**Transportation Grants** - This fund is used to account for revenues and expenditures received from the State under the Street and Safety Code Sections 2106, 2107 and 2107.5. The allocations must be spent for street maintenance or construction and a limited amount for engineering.

**Parking Meter** - This fund is used to account for revenues from on/off street parking and issued parking citations within the parking district. The funds derived must be expended for a purpose substantially connected with the problem of traffic regulation and control in the parking district.

**Traffic Safety** - This fund is a depository for all monies derived from vehicle code fines (excluding parking violations). The fines are collected through the County court system and remitted to the City monthly. These monies may be expended only for traffic control devices and equipment and maintenance thereof or for the maintenance, improvement or construction of public streets.

**Town Centre I** - This fund is used to account for revenues from an in lieu parking fee. The in lieu parking fee applies to any developer of a new commercial building or addition to an existing commercial building within the Downtown Parking district. Use of monies in this fund is restricted for the purchase or development of parking sites.

**Developer Deposits** - This fund is used to account for revenues received from various developers for development projects and is used to fund staff costs, and other costs related to specific projects.

**Open Space Districts** - This fund is a depository for all monies received for all flat rate property tax assessments levied against benefiting property owners for the maintenance of open space areas.

**Housing Programs** - This fund is for federal housing rehabilitation monies held in trust by Bank of America for issuance of housing rehab loans to qualified low and moderate income recipients.

**Traffic Signals** - This fund accounts for fees from developers for all new traffic signal construction.

**Transportation Sales Tax** - This fund was established for the receipt and disbursement of all transportation sales tax revenues for the City.

**Storm Drain** - This fund is a depository for all monies collected from the monthly storm drain service charge. Monies in this fund may be used for storm drain purposes.

**Housing Authority** - This fund is used to account for revenues and expenditures received from Local, State and Federal governments for the City's program in promoting balanced housing for families of all income levels.

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# NON-MAJOR GOVERNMENTAL FUNDS

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## **DEBT SERVICE FUNDS:**

***Public Financing Authority*** - This fund is used to account for financing the acquisition of bonds, notes and other obligations of, or for the purpose of making loans to the City and / or to refinance outstanding obligations of the City.

***1994 POB*** - This fund receives payments from the City for payment of principal and interest due on 1994 taxable pension obligation bonds.

***Notes Payable*** - This fund is used for the payment of principal and interest on various notes payable.

***Lease Payable*** - This fund is used to account for the City's portion of the infrastructure and financing costs of the San Diego County regional communications systems (RCS) and lease purchase of the Fire Department's medical resuscitation equipment.

## **CAPITAL PROJECTS FUNDS:**

***Residential Construction Tax*** - This fund is a depository for fees levied for the construction, replacement or conversion of all dwelling units within the City including hotels and motels.

***Highway Safety*** - This fund is a depository for the revenues received from State per Proposition 1B. Funds must be spent for transportation projects to relieve congestion, improve the movement of goods, improve air quality and security of the transportation system.

***Bicycle Facility*** - This fund was established as a depository for local Transportation Development Act funds (Article 3.0) received from the County for the purpose of bicycle related programs.

***Industrial Development Authority*** - This fund was established to account for staff costs in assisting in the issuance of industrial development bonds. A fee of 1/8 of 1% is charged to reimburse costs incurred.

***Redevelopment Capital Projects*** - This fund was established to account for capital improvement projects related to various redevelopment areas.

***Assessment District Improvements*** - This fund was established as a depository for monies received from issuance of bonds for various assessment districts. The monies are used to finance the construction of public works improvements in the related districts.

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# NON-MAJOR GOVERNMENTAL FUNDS

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## CAPITAL PROJECTS FUNDS, Continued:

*Transportation Partnership* - This fund is a depository for the revenues received from the State and Local Transportation Partnership Program. Funds must be spent for street purposes.

*Other Transportation Program* - This fund is a depository for the revenues received from the Federal Highway Safety Improvement Program. Funds must be spent for street, public highway bridges and other regional surface transportation programs.

*Transportation Equity Act* - This fund was established to account for reimbursable capital improvement program such as highway safety, transit, and other surface transportation programs from FY98 through FY2003 as required by PL 105-178.

*Traffic Congestion Relief* - This fund is a depository for the revenues received from Traffic Congestion Relief Fund as required by AB2928. The monies must be spent for street or road maintenance or reconstruction.



**City of Chula Vista**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2011**

	Special Revenue					
	Transportation Grants	Parking Meter	Traffic Safety	Town Centre I	Developer Deposits	Open Space Districts
<b>ASSETS</b>						
Cash and investments	\$ -	\$ 490,737	\$ 244,877	\$ 50,358	\$ 12,268,003	\$ 14,680,453
Receivables:						
Accounts	-	50,115	4,924	-	-	-
Taxes	354,202	-	-	-	-	60,766
Interest	887	896	910	115	-	28,716
Loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Restricted cash and investments:						
Held by City	-	-	-	-	-	-
Held by fiscal agent	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 355,089</b>	<b>\$ 541,748</b>	<b>\$ 250,711</b>	<b>\$ 50,473</b>	<b>\$ 12,268,003</b>	<b>\$ 14,769,935</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable and accrued liabilities	\$ -	\$ 48,972	\$ 4,065	\$ -	\$ 396,409	\$ 837,538
Due to other funds	32,681	-	-	-	-	-
Retention payable	-	-	-	-	-	-
Developer deposits	-	-	-	-	11,871,594	-
Deferred revenue	-	-	-	-	-	-
<b>Total liabilities</b>	<b>32,681</b>	<b>48,972</b>	<b>4,065</b>	<b>-</b>	<b>12,268,003</b>	<b>837,538</b>
<b>Fund Balances:</b>						
Nonspendable	-	-	-	-	-	-
Restricted	290,414	386,747	246,646	50,473	-	13,932,397
Committed	31,994	106,029	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total fund balances</b>	<b>322,408</b>	<b>492,776</b>	<b>246,646</b>	<b>50,473</b>	<b>-</b>	<b>13,932,397</b>
<b>Total liabilities and fund balances</b>	<b>\$ 355,089</b>	<b>\$ 541,748</b>	<b>\$ 250,711</b>	<b>\$ 50,473</b>	<b>\$ 12,268,003</b>	<b>\$ 14,769,935</b>

**City of Chula Vista**  
**Combining Balance Sheet, Continued**  
**Non-Major Governmental Funds**  
**June 30, 2011**

	Special Revenue				Debt Service	
	Housing Programs	Traffic Signals	Transportation Sales Tax	Storm Drain	Housing Authority	Public Financing Authority
<b>ASSETS</b>						
Cash and investments	\$ -	\$ 3,307,590	\$ 1,074,663	\$ 107,110	\$ 5,018,568	\$ 6,278,240
Receivables:						
Accounts	-	-	-	80,485	5,787	-
Taxes	-	-	-	590	-	-
Interest	-	8,293	-	180	2,827	11,268
Loans	703,085	-	-	-	2,041,507	-
Other	-	-	-	-	-	-
Due from other funds	-	-	39,012	-	-	-
Due from other governments	108,452	-	324,013	-	-	-
Advances to other funds	-	-	-	-	-	-
Restricted cash and investments:						
Held by City	-	-	-	-	-	-
Held by fiscal agent	-	-	-	-	-	10,843,062
<b>Total assets</b>	<b>\$ 811,537</b>	<b>\$ 3,315,883</b>	<b>\$ 1,437,688</b>	<b>\$ 188,365</b>	<b>\$ 7,068,689</b>	<b>\$ 17,132,570</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable and accrued liabilities	\$ 16,567	\$ 62	\$ 361,331	\$ 181	\$ 69,194	\$ (23,600)
Due to other funds	91,733	-	-	-	-	-
Retention payable	-	-	45,505	-	-	-
Developer deposits	-	-	-	-	-	-
Deferred revenue	124,559	-	-	-	2,041,507	-
<b>Total liabilities</b>	<b>232,859</b>	<b>62</b>	<b>406,836</b>	<b>181</b>	<b>2,110,701</b>	<b>(23,600)</b>
<b>Fund Balances:</b>						
Nonspendable	697,197	-	-	-	-	-
Restricted	-	3,315,821	1,030,852	188,184	4,957,988	-
Committed	-	-	-	-	-	17,156,170
Assigned	-	-	-	-	-	-
Unassigned	(118,519)	-	-	-	-	-
<b>Total fund balances</b>	<b>578,678</b>	<b>3,315,821</b>	<b>1,030,852</b>	<b>188,184</b>	<b>4,957,988</b>	<b>17,156,170</b>
<b>Total liabilities and fund balances</b>	<b>\$ 811,537</b>	<b>\$ 3,315,883</b>	<b>\$ 1,437,688</b>	<b>\$ 188,365</b>	<b>\$ 7,068,689</b>	<b>\$ 17,132,570</b>

**City of Chula Vista**  
**Combining Balance Sheet, Continued**  
**Non-Major Governmental Funds**  
**June 30, 2011**

	Debt Service			Capital Projects		
	1994 POB	Notes Payable	Lease Payable	Residential Construction Tax	Highway Safety	Bicycle Facility
<b>ASSETS</b>						
Cash and investments	\$ 26	\$ 80,123	\$ 294	\$ 494,380	\$ 2,155,267	\$ -
Receivables:						
Accounts	-	-	-	-	-	-
Taxes	-	-	-	-	-	-
Interest	-	166	23	1,414	6,749	-
Loans	-	-	-	-	-	-
Other	-	-	-	-	-	42,023
Due from other funds	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Restricted cash and investments:						
Held by City	-	-	-	-	-	-
Held by fiscal agent	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 26</b>	<b>\$ 80,289</b>	<b>\$ 317</b>	<b>\$ 495,794</b>	<b>\$ 2,162,016</b>	<b>\$ 42,023</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable and accrued liabilities	\$ -	\$ 4,212	\$ -	\$ -	\$ -	\$ 3,011
Due to other funds	-	-	-	-	-	39,012
Retention payable	-	-	-	-	119,195	-
Developer deposits	-	-	-	-	-	-
Deferred revenue	-	-	-	-	1,672,488	-
<b>Total liabilities</b>	<b>-</b>	<b>4,212</b>	<b>-</b>	<b>-</b>	<b>1,791,683</b>	<b>42,023</b>
<b>Fund Balances:</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	495,794	370,333	-
Committed	26	76,077	317	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total fund balances</b>	<b>26</b>	<b>76,077</b>	<b>317</b>	<b>495,794</b>	<b>370,333</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 26</b>	<b>\$ 80,289</b>	<b>\$ 317</b>	<b>\$ 495,794</b>	<b>\$ 2,162,016</b>	<b>\$ 42,023</b>

**City of Chula Vista**  
**Combining Balance Sheet, Continued**  
**Non-Major Governmental Funds**  
**June 30, 2011**

	Capital Projects					
	Industrial Development Authority	Redevelopment Capital Projects	Assessment District Improvement Funds	Transportation Partnership Fund	Other Transportation Program Fund	Transportation Equity Act
<b>ASSETS</b>						
Cash and investments	\$ 10,599	\$ 3,136,933	\$ 2,461,698	\$ 28,575	\$ -	\$ -
Receivables:						
Accounts	-	-	-	-	-	-
Taxes	-	163,959	105	-	-	-
Interest	23	7,979	5,484	69	-	-
Loans	-	-	-	-	-	-
Other	-	246,094	-	-	-	-
Due from other funds	-	-	-	-	-	-
Due from other governments	-	-	-	-	1,081,655	43,977
Advances to other funds	-	4,702,030	-	-	-	-
Restricted cash and investments:						
Held by City	-	-	-	-	-	-
Held by fiscal agent	-	2,654,407	-	-	-	-
<b>Total assets</b>	<b>\$ 10,622</b>	<b>\$ 10,911,402</b>	<b>\$ 2,467,287</b>	<b>\$ 28,644</b>	<b>\$ 1,081,655</b>	<b>\$ 43,977</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable and accrued liabilities	\$ -	\$ 2,495,132	\$ -	\$ -	\$ 136,364	\$ -
Due to other funds	-	-	-	-	574,060	43,977
Retention payable	-	-	-	-	34,612	-
Developer deposits	-	-	-	-	-	-
Deferred revenue	-	1,734,974	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>4,230,106</b>	<b>-</b>	<b>-</b>	<b>745,036</b>	<b>43,977</b>
<b>Fund Balances:</b>						
Nonspendable	-	3,213,150	-	-	-	-
Restricted	10,622	3,468,146	2,467,287	28,644	336,619	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total fund balances</b>	<b>10,622</b>	<b>6,681,296</b>	<b>2,467,287</b>	<b>28,644</b>	<b>336,619</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 10,622</b>	<b>\$ 10,911,402</b>	<b>\$ 2,467,287</b>	<b>\$ 28,644</b>	<b>\$ 1,081,655</b>	<b>\$ 43,977</b>

**City of Chula Vista**  
**Combining Balance Sheet, Continued**  
**Non-Major Governmental Funds**  
**June 30, 2011**

	Capital Projects	
	Traffic	Total
	Congestion	Other
	Relief	Governmental
	Fund	Funds
<b>ASSETS</b>		
Cash and investments	\$ 1,692,005	\$ 53,580,499
Receivables:		
Accounts	-	141,311
Taxes	362,778	942,400
Interest	1,109	77,108
Loans	-	2,744,592
Other	-	288,117
Due from other funds	-	39,012
Due from other governments	-	1,558,097
Advances to other funds	-	4,702,030
Restricted cash and investments:		
Held by City	-	-
Held by fiscal agent	-	13,497,469
<b>Total assets</b>	<b>\$ 2,055,892</b>	<b>\$ 77,570,635</b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	\$ -	\$ 4,349,438
Due to other funds	-	781,463
Retention payable	-	199,312
Developer deposits	-	11,871,594
Deferred revenue	2,055,892	7,629,420
<b>Total liabilities</b>	<b>2,055,892</b>	<b>24,831,227</b>
<b>Fund Balances:</b>		
Nonspendable	-	3,910,347
Restricted	-	31,576,967
Committed	-	17,370,613
Assigned	-	-
Unassigned	-	(118,519)
<b>Total fund balances</b>	<b>-</b>	<b>52,739,408</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,055,892</b>	<b>\$ 77,570,635</b>

(Concluded)



# City of Chula Vista

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

### Non-Major Governmental Funds

For the year ended June 30, 2011

	Special Revenue					
	Transportation Grants	Parking Meter	Traffic Safety	Town Centre I	Developer Deposits	Open Space Districts
<b>REVENUES:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	3,704,054	-	-	-	-	-
Licenses and permits	-	26,053	-	-	-	-
Developer fees	-	-	-	-	8,256,560	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	111,661	524,518	-	-	-
Use of money and property	4,817	387,176	3,067	519	54,567	130,442
Other	2,731	-	-	-	-	10,148,107
<b>Total revenues</b>	<b>3,711,602</b>	<b>524,890</b>	<b>527,585</b>	<b>519</b>	<b>8,311,127</b>	<b>10,278,549</b>
<b>EXPENDITURES:</b>						
Current:						
General government	-	-	-	-	-	-
Public safety	-	323,268	216,142	-	-	-
Public works	-	-	-	-	8,311,127	8,388,000
Capital outlay	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>323,268</b>	<b>216,142</b>	<b>-</b>	<b>8,311,127</b>	<b>8,388,000</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>3,711,602</b>	<b>201,622</b>	<b>311,443</b>	<b>519</b>	<b>-</b>	<b>1,890,549</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Proceeds from sale of property	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	(3,869,200)	-	(534,140)	-	-	-
<b>Total other financing sources (uses)</b>	<b>(3,869,200)</b>	<b>-</b>	<b>(534,140)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(157,598)</b>	<b>201,622</b>	<b>(222,697)</b>	<b>519</b>	<b>-</b>	<b>1,890,549</b>
<b>FUND BALANCES:</b>						
Beginning of year	480,006	291,154	469,343	49,954	-	12,041,848
End of year	\$ 322,408	\$ 492,776	\$ 246,646	\$ 50,473	\$ -	\$ 13,932,397

# City of Chula Vista

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued

### Non-Major Governmental Funds

### For the year ended June 30, 2011

	Special Revenue				Debt Service	
	Housing Programs	Traffic Signals	Transportation Sales Tax	Storm Drain	Housing Authority	Public Financing Authority
<b>REVENUES:</b>						
Taxes	\$ -	\$ -	\$ 5,253,809	\$ -	\$ -	\$ -
Intergovernmental	228,740	-	586,755	-	-	-
Licenses and permits	-	-	-	83,151	-	-
Developer fees	-	-	-	-	-	-
Charges for services	-	325,097	-	554,355	113,267	-
Fines and forfeitures	-	-	-	3,540	-	-
Use of money and property	1,057	35,293	(27,543)	784	13,094	345,153
Other	7,860	-	2,935	-	854,306	39,581
<b>Total revenues</b>	<b>237,657</b>	<b>360,390</b>	<b>5,815,956</b>	<b>641,830</b>	<b>980,667</b>	<b>384,734</b>
<b>EXPENDITURES:</b>						
Current:						
General government	235,652	-	-	-	852,471	12,258
Public safety	-	-	-	-	-	5,670
Public works	-	4,696	-	222,187	-	-
Capital outlay	-	747,945	5,449,746	-	2,000,000	-
Debt Service:						
Principal	-	-	-	-	-	3,640,000
Interest and fiscal charges	-	-	-	-	-	6,508,545
<b>Total expenditures</b>	<b>235,652</b>	<b>752,641</b>	<b>5,449,746</b>	<b>222,187</b>	<b>2,852,471</b>	<b>10,166,473</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,005</b>	<b>(392,251)</b>	<b>366,210</b>	<b>419,643</b>	<b>(1,871,804)</b>	<b>(9,781,739)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Proceeds from sale of property	-	-	-	-	-	-
Transfers in	-	4,213	59,111	-	4,442,899	7,779,210
Transfers out	-	-	-	(340,463)	(192,899)	(2,637,672)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>4,213</b>	<b>59,111</b>	<b>(340,463)</b>	<b>4,250,000</b>	<b>5,141,538</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>2,005</b>	<b>(388,038)</b>	<b>425,321</b>	<b>79,180</b>	<b>2,378,196</b>	<b>(4,640,201)</b>
<b>FUND BALANCES:</b>						
Beginning of year	576,673	3,703,859	605,531	109,004	2,579,792	21,796,371
End of year	\$ 578,678	\$ 3,315,821	\$ 1,030,852	\$ 188,184	\$ 4,957,988	\$ 17,156,170



# City of Chula Vista

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued

### Non-Major Governmental Funds

### For the year ended June 30, 2011

	Debt Service			Capital Projects		
	1994 POB	Notes Payable	Lease Payable	Residential Construction Tax	Highway Safety	Bicycle Facility
<b>REVENUES:</b>						
Taxes	\$ -	\$ -	\$ -	\$ 360,156	\$ -	\$ -
Intergovernmental	-	46,474	-	-	1,712,920	270,864
Licenses and permits	-	-	-	-	-	-
Developer fees	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Use of money and property	-	809	133	5,450	28,849	(597)
Other	-	-	-	-	-	-
<b>Total revenues</b>	-	47,283	133	365,606	1,741,769	270,267
<b>EXPENDITURES:</b>						
Current:						
General government	2,475	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Capital outlay	-	-	-	-	1,741,769	211,828
Debt Service:						
Principal	2,325,000	445,909	391,086	-	-	-
Interest and fiscal charges	310,172	523,815	76,864	-	-	-
<b>Total expenditures</b>	2,637,647	969,724	467,950	-	1,741,769	211,828
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(2,637,647)	(922,441)	(467,817)	365,606	-	58,439
<b>OTHER FINANCING SOURCES (USES):</b>						
Proceeds from sale of property	-	-	-	-	-	-
Transfers in	2,637,672	900,990	467,950	17,000	-	-
Transfers out	-	-	-	(659,710)	-	(58,439)
<b>Total other financing sources (uses)</b>	2,637,672	900,990	467,950	(642,710)	-	(58,439)
<b>NET CHANGE IN FUND BALANCES</b>	25	(21,451)	133	(277,104)	-	-
<b>FUND BALANCES:</b>						
Beginning of year	1	97,528	184	772,898	370,333	-
End of year	\$ 26	\$ 76,077	\$ 317	\$ 495,794	\$ 370,333	\$ -

# City of Chula Vista

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued

### Non-Major Governmental Funds

### For the year ended June 30, 2011

	Capital Projects					
	Industrial Development Authority	Redevelopment Capital Projects	Assessment District Improvement Funds	Transportation Partnership Fund	Other Transportation Program Fund	Transportation Equity Act
<b>REVENUES:</b>						
Taxes	\$ -	\$ 11,058,350	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	1,927,545	(24,672)
Licenses and permits	-	-	-	-	-	-
Developer fees	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Use of money and property	111	117,162	24,202	279	-	-
Other	-	154,825	22,601	-	-	-
<b>Total revenues</b>	<b>111</b>	<b>11,330,337</b>	<b>46,803</b>	<b>279</b>	<b>1,927,545</b>	<b>(24,672)</b>
<b>EXPENDITURES:</b>						
Current:						
General government	-	4,323,624	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Capital outlay	-	320,287	-	9,324	1,923,332	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>4,643,911</b>	<b>-</b>	<b>9,324</b>	<b>1,923,332</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>111</b>	<b>6,686,426</b>	<b>46,803</b>	<b>(9,045)</b>	<b>4,213</b>	<b>(24,672)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Proceeds from sale of property	-	9,630,000	-	-	-	-
Transfers in	-	3,299,558	-	-	-	24,672
Transfers out	-	(21,815,624)	(125,826)	-	(4,213)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(8,886,066)</b>	<b>(125,826)</b>	<b>-</b>	<b>(4,213)</b>	<b>24,672</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>111</b>	<b>(2,199,640)</b>	<b>(79,023)</b>	<b>(9,045)</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES:</b>						
Beginning of year	10,511	8,880,936	2,546,310	37,689	336,619	-
End of year	\$ 10,622	\$ 6,681,296	\$ 2,467,287	\$ 28,644	\$ 336,619	\$ -

# City of Chula Vista

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued

### Non-Major Governmental Funds

### For the year ended June 30, 2011

	Capital Projects	
	Traffic	Total
	Congestion	Other
	Relief	Governmental
	Fund	Funds
<b>REVENUES:</b>		
Taxes	\$ -	\$ 16,672,315
Intergovernmental	854,993	9,307,673
Licenses and permits	-	109,204
Developer fees	-	8,256,560
Charges for services	-	992,719
Fines and forfeitures	-	639,719
Use of money and property	3,576	1,128,400
Other	-	11,232,946
<b>Total revenues</b>	<b>858,569</b>	<b>48,339,536</b>
<b>EXPENDITURES:</b>		
Current:		
General government	-	5,426,480
Public safety	-	545,080
Public works	-	16,926,010
Capital outlay	458,569	12,862,800
Debt Service:		
Principal	-	6,801,995
Interest and fiscal charges	-	7,419,396
<b>Total expenditures</b>	<b>458,569</b>	<b>49,981,761</b>
<b>REVENUES OVER</b>		
<b>(UNDER) EXPENDITURES</b>	<b>400,000</b>	<b>(1,642,225)</b>
<b>OTHER FINANCING SOURCES (USES):</b>		
Proceeds from sale of property	-	9,630,000
Transfers in	-	19,633,275
Transfers out	(400,000)	(30,638,186)
<b>Total other financing sources (uses)</b>	<b>(400,000)</b>	<b>(1,374,911)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>(3,017,136)</b>
<b>FUND BALANCES:</b>		
Beginning of year	-	55,756,544
End of year	\$ -	\$ 52,739,408

(Concluded)

# City of Chula Vista

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual RDA Debt Service Fund - Major Governmental Fund For the year ended June 30, 2011

	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 96,674	\$ 96,674
Other	-	43	43
Total revenues	-	96,717	96,717
<b>Expenditures:</b>			
Current:			
General government	15,000	10,495	4,505
Debt service:			
Principal	1,110,000	1,110,000	-
Interest and fiscal charges	3,392,918	2,772,143	620,775
Total expenditures	4,517,918	3,892,638	625,280
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(4,517,918)</b>	<b>(3,795,921)</b>	<b>721,997</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	15,813,750	15,717,464	(96,286)
Transfers out	(8,868,765)	(856,613)	8,012,152
Total other financing sources (uses)	6,944,985	14,860,851	7,915,866
<b>Net change in fund balance</b>	<b>\$ 2,427,067</b>	<b>11,064,930</b>	<b>\$ 8,637,863</b>
<b>Fund balance:</b>			
Beginning of year		(29,842,283)	
End of year		\$ (18,777,353)	

# City of Chula Vista

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### City Debt Service Fund - Major Governmental Fund

For the year ended June 30, 2011

	Final Budget	Actual Amounts	Variance with Final Budget
<b>Expenditures:</b>			
Debt service:			
Interest and fiscal charges	\$ 300,000	\$ 902,567	\$ (602,567)
Total expenditures	300,000	902,567	(602,567)
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(300,000)</b>	<b>(902,567)</b>	<b>(602,567)</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	303,826	353,826	50,000
Transfers out	-	(9,630,000)	(9,630,000)
Total other financing sources (uses)	303,826	(9,276,174)	(9,580,000)
<b>Net change in fund balance</b>	<b>\$ 3,826</b>	<b>(10,178,741)</b>	<b>\$ (10,182,567)</b>
<b>Fund balance:</b>			
Beginning of year		(26,438,435)	
End of year		\$ (36,617,176)	

# City of Chula Vista

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Transportation Grants Special Revenue Fund For the year ended June 30, 2011

	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>			
Intergovernmental	\$ 3,683,540	\$ 3,704,054	\$ 20,514
Use of money and property	-	4,817	4,817
Other	-	2,731	2,731
Total revenues	3,683,540	3,711,602	28,062
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	3,683,540	3,711,602	28,062
<b>Other Financing Sources (Uses)</b>			
Transfers out	(3,869,200)	(3,869,200)	-
Total other financing sources (uses)	(3,869,200)	(3,869,200)	-
<b>Net change in fund balance</b>	\$ (185,660)	(157,598)	\$ 28,062
<b>Fund balance:</b>			
Beginning of year		480,006	
End of year		\$ 322,408	

# City of Chula Vista

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Parking Meter Special Revenue Fund

For the year ended June 30, 2011

	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>			
Licenses and permits	\$ 30,000	\$ 26,053	\$ (3,947)
Fines and forfeitures	120,700	111,661	(9,039)
Use of money and property	370,000	387,176	17,176
Total revenues	520,700	524,890	4,190
<b>Expenditures:</b>			
Current:			
Public safety	352,861	323,268	29,593
Capital outlay	258,489	-	258,489
Total expenditures	611,350	323,268	288,082
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(90,650)	201,622	292,272
<b>Net change in fund balance</b>	\$ (90,650)	201,622	\$ 292,272
<b>Fund balance:</b>			
Beginning of year		291,154	
End of year		\$ 492,776	

# City of Chula Vista

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Traffic Safety Special Revenue Fund

For the year ended June 30, 2011

	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>			
Fines and forfeitures	\$ 534,140	\$ 524,518	\$ (9,622)
Use of money and property	-	3,067	3,067
Total revenues	534,140	527,585	(6,555)
<b>Expenditures:</b>			
Current:			
Public safety	256,000	216,142	39,858
Total expenditures	256,000	216,142	39,858
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	278,140	311,443	33,303
<b>Other Financing Sources (Uses)</b>			
Transfers out	(534,140)	(534,140)	-
Total other financing sources (uses)	(534,140)	(534,140)	-
<b>Net change in fund balance</b>	\$ (256,000)	(222,697)	\$ 33,303
<b>Fund balance:</b>			
Beginning of year		469,343	
End of year		\$ 246,646	



# City of Chula Vista

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Town Centre I Special Revenue Fund

For the year ended June 30, 2011

	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 519	\$ 519
Total revenues	-	519	519
<b>Expenditures:</b>			
Capital outlay	10,433	-	10,433
Total expenditures	10,433	-	10,433
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(10,433)	519	10,952
<b>Net change in fund balance</b>	<u>\$ (10,433)</u>	519	<u>\$ 10,952</u>
<b>Fund balance:</b>			
Beginning of year		49,954	
End of year		<u>\$ 50,473</u>	

# City of Chula Vista

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Open Space Districts Special Revenue Fund

For the year ended June 30, 2011

	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 130,442	\$ 130,442
Other	11,870,783	10,148,107	(1,722,676)
Total revenues	11,870,783	10,278,549	(1,592,234)
<b>Expenditures:</b>			
Current:			
Public works	11,987,848	8,388,000	3,599,848
Total expenditures	11,987,848	8,388,000	3,599,848
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(117,065)	1,890,549	2,007,614
<b>Net change in fund balance</b>	<u>\$ (117,065)</u>	<u>1,890,549</u>	<u>\$ 2,007,614</u>
<b>Fund balance:</b>			
Beginning of year		12,041,848	
End of year		<u>\$ 13,932,397</u>	

# City of Chula Vista

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Housing Programs Special Revenue Fund

For the year ended June 30, 2011

	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>			
Intergovernmental	\$ 273,685	\$ 228,740	\$ (44,945)
Use of money and property	-	1,057	1,057
Other	-	7,860	7,860
Total revenues	273,685	237,657	(36,028)
<b>Expenditures:</b>			
Current:			
General governments	300,000	235,652	64,348
Total expenditures	300,000	235,652	64,348
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(26,315)	2,005	28,320
<b>Net change in fund balance</b>	\$ (26,315)	2,005	\$ 28,320
<b>Fund balance:</b>			
Beginning of year		576,673	
End of year		\$ 578,678	

# City of Chula Vista

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Traffic Signals Special Revenue Fund

For the year ended June 30, 2011

	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>			
Charges for services	\$ 250,000	\$ 325,097	\$ 75,097
Use of money and property	-	35,293	35,293
Total revenues	250,000	360,390	110,390
<b>Expenditures:</b>			
Current:			
Public works	15,000	4,696	10,304
Capital outlay	2,900,472	747,945	2,152,527
Total expenditures	2,915,472	752,641	2,162,831
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(2,665,472)	(392,251)	2,273,221
<b>Other Financing Sources (Uses)</b>			
Transfers in	4,213	4,213	-
Total other financing sources (uses)	4,213	4,213	-
<b>Net change in fund balance</b>	<u>\$ (2,661,259)</u>	<u>(388,038)</u>	<u>\$ 2,273,221</u>
<b>Fund balance:</b>			
Beginning of year		3,703,859	
End of year		<u>\$ 3,315,821</u>	

# City of Chula Vista

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Transportation Sales Tax Special Revenue Fund For the year ended June 30, 2011

	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>			
Taxes	\$ 4,141,000	\$ 5,253,809	\$ 1,112,809
Intergovernmental	-	586,755	586,755
Use of money and property	-	(27,543)	(27,543)
Other	-	2,935	2,935
Total revenues	4,141,000	5,815,956	1,674,956
<b>Expenditures:</b>			
Capital outlay	14,836,924	5,449,746	9,387,178
Total expenditures	14,836,924	5,449,746	9,387,178
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(10,695,924)	366,210	11,062,134
<b>Other Financing Sources (Uses)</b>			
Transfers in	59,111	59,111	-
Transfers out	(100,000)	-	100,000
Total other financing sources (uses)	(40,889)	59,111	100,000
<b>Net change in fund balance</b>	<u>\$ (10,736,813)</u>	425,321	<u>\$ 11,162,134</u>
<b>Fund balance:</b>			
Beginning of year		605,531	
End of year		<u>\$ 1,030,852</u>	

# City of Chula Vista

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Storm Drain Special Revenue Fund

For the year ended June 30, 2011

	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>			
Licenses and permits	\$ 25,000	\$ 83,151	\$ 58,151
Charges for services	575,000	554,355	(20,645)
Fines and forfeitures	5,000	3,540	(1,460)
Use of money and property	-	784	784
Total revenues	605,000	641,830	36,830
<b>Expenditures:</b>			
Current:			
Public works	262,619	222,187	40,432
Capital outlay	33,367	-	33,367
Total expenditures	295,986	222,187	73,799
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	309,014	419,643	110,629
<b>Other Financing Sources (Uses)</b>			
Transfers out	(290,463)	(340,463)	(50,000)
Total other financing sources (uses)	(290,463)	(340,463)	(50,000)
<b>Net change in fund balance</b>	\$ 18,551	79,180	\$ 60,629
<b>Fund balance:</b>			
Beginning of year		109,004	
End of year		\$ 188,184	

# City of Chula Vista

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Housing Authority Special Revenue Fund

For the year ended June 30, 2011

	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>			
Charges for services	\$ 71,000	\$ 113,267	\$ 42,267
Use of money and property	-	13,094	13,094
Other	937,379	854,306	(83,073)
Total revenues	1,008,379	980,667	(27,712)
<b>Expenditures:</b>			
Current:			
General government	958,952	852,471	106,481
Capital outlay	2,000,000	2,000,000	-
Total expenditures	2,958,952	2,852,471	106,481
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(1,950,573)	(1,871,804)	78,769
<b>Other Financing Sources (Uses)</b>			
Transfers in	9,392,899	4,442,899	(4,950,000)
Transfers out	(192,899)	(192,899)	-
Total other financing sources (uses)	9,200,000	4,250,000	(4,950,000)
<b>Net change in fund balance</b>	\$ 7,249,427	2,378,196	\$ (4,871,231)
<b>Fund balance:</b>			
Beginning of year		2,579,792	
End of year		\$ 4,957,988	

# City of Chula Vista

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Public Financing Authority Debt Service Fund

For the year ended June 30, 2011

	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 345,153	\$ 345,153
Other	-	39,581	39,581
Total revenues	-	384,734	384,734
<b>Expenditures:</b>			
Current:			
General government	11,000	12,258	(1,258)
Public safety	9,500	5,670	3,830
Debt service:			
Principal	3,640,000	3,640,000	-
Interest and fiscal charges	4,980,633	6,508,545	(1,527,912)
Total expenditures	8,641,133	10,166,473	(1,525,340)
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(8,641,133)	(9,781,739)	(1,140,606)
<b>Other Financing Sources (Uses)</b>			
Transfers in	10,374,386	7,779,210	(2,595,176)
Transfers out	-	(2,637,672)	(2,637,672)
Total other financing sources (uses)	10,374,386	5,141,538	(5,232,848)
<b>Net change in fund balance</b>	<u>\$ 1,733,253</u>	<u>(4,640,201)</u>	<u>\$ (6,373,454)</u>
<b>Fund balance:</b>			
Beginning of year		21,796,371	
End of year		<u>\$ 17,156,170</u>	



# City of Chula Vista

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### 1994 POB Debt Service Fund

For the year ended June 30, 2011

	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>			
Use of money and property	\$ -	\$ -	\$ -
Total revenues	-	-	-
<b>Expenditures:</b>			
Current:			
General government	2,500	2,475	25
Debt service:			
Principal	2,325,000	2,325,000	-
Interest and fiscal charges	310,172	310,172	-
Total expenditures	2,637,672	2,637,647	25
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(2,637,672)	(2,637,647)	25
<b>Other Financing Sources (Uses)</b>			
Transfers in	2,637,672	2,637,672	-
Total other financing sources (uses)	2,637,672	2,637,672	-
<b>Net change in fund balance</b>	\$ -	25	\$ 25
<b>Fund balance:</b>			
Beginning of year		1	
End of year		\$ 26	

# City of Chula Vista

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Notes Payable Debt Service Fund

For the year ended June 30, 2011

	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>			
Intergovernmental	\$ -	\$ 46,474	\$ 46,474
Use of money and property	-	809	809
Total revenues	-	47,283	47,283
<b>Expenditures:</b>			
Debt service:			
Principal	485,932	445,909	40,023
Interest and fiscal charges	539,816	523,815	16,001
Total expenditures	1,025,748	969,724	56,024
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,025,748)</b>	<b>(922,441)</b>	<b>103,307</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	900,990	900,990	-
Total other financing sources (uses)	900,990	900,990	-
<b>Net change in fund balance</b>	<b>\$ (124,758)</b>	<b>(21,451)</b>	<b>\$ 103,307</b>
<b>Fund balance:</b>			
Beginning of year		97,528	
End of year		\$ 76,077	

# City of Chula Vista

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Lease Payable Debt Service Fund

For the year ended June 30, 2011

	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 133	\$ 133
Total revenues	-	133	133
<b>Expenditures:</b>			
Debt service:			
Principal	378,392	391,086	(12,694)
Interest and fiscal charges	89,558	76,864	12,694
Total expenditures	467,950	467,950	-
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(467,950)	(467,817)	133
<b>Other Financing Sources (Uses)</b>			
Transfers in	467,950	467,950	-
Total other financing sources (uses)	467,950	467,950	-
<b>Net change in fund balance</b>	\$ -	133	\$ 133
<b>Fund balance:</b>			
Beginning of year		184	
End of year		\$ 317	

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# NONMAJOR ENTERPRISE FUNDS

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***Transit Fund*** - This fund is used to account for the maintenance and development of the transit related projects.

***Bayfront Trolley Fund*** - This fund is used to account for the maintenance and development of the Bayfront Trolley Station.

***Sewer DIFS Fund*** - This fund is a depository for a portion of the revenue derived from the monthly sewer service charge. Monies in this fund shall be used solely for the purpose of refurbishment and/or replacement of sewerage facilities including related evaluation, engineering and utility modification costs.

**City of Chula Vista**  
**Combining Statement of Net Assets**  
**Nonmajor Enterprise Funds**  
**June 30, 2011**

	Transit Fund	Bayfront Trolley Station	Sewer DIFS Fund	Total
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 582,871	\$ -	\$ 8,768,153	\$ 9,351,024
Receivables:				
Interest	2,015	-	20,670	22,685
Other	59,900	-	-	59,900
Prepaid items	-	45,000	-	45,000
Total current assets	644,786	45,000	8,788,823	9,478,609
Noncurrent assets:				
Capital assets, net	2,315,765	-	2,221,387	4,537,152
Total noncurrent assets	2,315,765	-	2,221,387	4,537,152
<b>Total assets</b>	<b>2,960,551</b>	<b>45,000</b>	<b>11,010,210</b>	<b>14,015,761</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	15,812	1,761	-	17,573
Unearned revenues	256,763	43,239	-	300,002
Total current liabilities	272,575	45,000	-	317,575
Noncurrent liabilities:				
Advances from other funds	-	-	4,039,444	4,039,444
Compensated absences	21,099	-	-	21,099
Total noncurrent liabilities	21,099	-	4,039,444	4,060,543
<b>Total liabilities</b>	<b>293,674</b>	<b>45,000</b>	<b>4,039,444</b>	<b>4,378,118</b>
<b>NET ASSETS</b>				
Invested in capital assets	2,315,765	-	2,221,387	4,537,152
Unrestricted	351,112	-	4,749,379	5,100,491
<b>Total net assets</b>	<b>\$ 2,666,877</b>	<b>\$ -</b>	<b>\$ 6,970,766</b>	<b>\$ 9,637,643</b>

# City of Chula Vista

## Combining Statement of Revenues, Expenses, and Changes in Net Assets

### Nonmajor Enterprise Funds

For the year ended June 30, 2011

	Transit Fund	Bayfront Trolley Station	Sewer DIFS Fund	Total
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 2,534,385	\$ -	\$ 443,599	\$ 2,977,984
Other	636,017	-	-	636,017
<b>Total operating revenues</b>	<b>3,170,402</b>	<b>-</b>	<b>443,599</b>	<b>3,614,001</b>
<b>OPERATING EXPENSES:</b>				
Operation and administration	6,179,858	91,788	702	6,272,348
Maintenance	48,938	-	-	48,938
Depreciation	847,202	-	60,000	907,202
<b>Total operating expenses</b>	<b>7,075,998</b>	<b>91,788</b>	<b>60,702</b>	<b>7,228,488</b>
<b>Operating income (loss)</b>	<b>(3,905,596)</b>	<b>(91,788)</b>	<b>382,897</b>	<b>(3,614,487)</b>
<b>NONOPERATING REVENUES:</b>				
Intergovernmental	3,340,200	91,788	-	3,431,988
Interest revenue	5,186	-	91,250	96,436
Interest expenses	-	-	(62,927)	(62,927)
<b>Total nonoperating revenues</b>	<b>3,345,386</b>	<b>91,788</b>	<b>28,323</b>	<b>3,465,497</b>
<b>Income (loss) before transfers</b>	<b>(560,210)</b>	<b>-</b>	<b>411,220</b>	<b>(148,990)</b>
<b>TRANSFERS:</b>				
Transfers out	(81,997)	-	(250,000)	(331,997)
<b>Total transfers</b>	<b>(81,997)</b>	<b>-</b>	<b>(250,000)</b>	<b>(331,997)</b>
<b>Net increase (decrease) in net assets</b>	<b>(642,207)</b>	<b>-</b>	<b>161,220</b>	<b>(480,987)</b>
<b>NET ASSETS:</b>				
Beginning of year	3,309,084	-	6,809,546	10,118,630
End of year	<u>\$ 2,666,877</u>	<u>\$ -</u>	<u>\$ 6,970,766</u>	<u>\$ 9,637,643</u>

**City of Chula Vista**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**For the year ended June 30, 2011**

	Transit Fund	Bayfront Trolley Station	Sewer DIFS Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$ 1,868,607	\$ 34,597	\$ 443,599	\$ 2,346,803
Cash received from other funds	-	-	62,928	62,928
Cash payments to suppliers and employees for goods and services	(6,396,205)	(136,256)	(702)	(6,533,163)
Other operating revenues	636,017	-	-	636,017
<b>Net cash provided (used) by operating activities</b>	<b>(3,891,581)</b>	<b>(101,659)</b>	<b>505,825</b>	<b>(3,487,415)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition of capital assets	(3,409)	-	-	(3,409)
<b>Net cash provided by noncapital financing activities</b>	<b>(3,409)</b>	<b>-</b>	<b>-</b>	<b>(3,409)</b>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Intergovernmental	3,340,200	91,788	-	3,431,988
Interest expenses	-	-	(62,927)	(62,927)
Transfers (out)	(81,997)	-	(250,000)	(331,997)
<b>Net cash provided (used) by noncapital and related financing activities</b>	<b>3,258,203</b>	<b>91,788</b>	<b>(312,927)</b>	<b>3,037,064</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest revenue	9,560	-	97,046	106,606
<b>Net cash used by investing activities</b>	<b>9,560</b>	<b>-</b>	<b>97,046</b>	<b>106,606</b>
<b>Net increase (decrease) in cash and investments</b>	<b>(627,227)</b>	<b>(9,871)</b>	<b>289,944</b>	<b>(347,154)</b>
<b>CASH AND INVESTMENTS:</b>				
Beginning of year	1,210,098	9,871	8,478,209	9,698,178
End of year	\$ 582,871	\$ -	\$ 8,768,153	\$ 9,351,024
<b>RECONCILIATION OF OPERATING INCOME TO NET</b>				
<b>CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ (3,905,596)	\$ (91,788)	\$ 382,897	\$ (3,614,487)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation	847,202	-	60,000	907,202
Changes in operating assets and liabilities:				
Other receivable	(59,689)	-	-	(59,689)
Prepaid items	-	(45,000)	-	(45,000)
Accounts payable and accrued liabilities	(188,508)	532	-	(187,976)
Unearned revenue	(606,089)	34,597	-	(571,492)
Advances from other funds	-	-	62,928	62,928
Compensated absences	21,099	-	-	21,099
Total adjustments	14,015	(9,871)	122,928	127,072
<b>Net cash provided (used) by operating activities</b>	<b>\$ (3,891,581)</b>	<b>\$ (101,659)</b>	<b>\$ 505,825</b>	<b>\$ (3,487,415)</b>

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# INTERNAL SERVICE FUNDS

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*Internal Service Funds* are used to finance and account for special activities and services performed by a designated City department for other departments on a cost reimbursement basis.

*Fleet Management* - This fund was established to account for vehicle and equipment services provided to City departments. Revenue accruing to this fund comes from charges to City departments benefiting from services provided.

*Technology Replacement* - This fund was established to account for computer and other technology services provided to City departments. Revenue accruing to this fund comes from charges to city departments benefiting from services provided.



**City of Chula Vista**  
**Combining Statement of Net Assets**  
**All Internal Service Funds**  
**June 30, 2011**

	Fleet Management	Technology Replacement	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 2,114,631	\$ 8,734	\$ 2,123,365
Receivables:			
Interest	3,987	-	3,987
Other	33,375	-	33,375
Total current assets	2,151,993	8,734	2,160,727
Noncurrent assets:			
Capital assets, net	964,510	-	964,510
Total noncurrent assets	964,510	-	964,510
<b>Total assets</b>	3,116,503	8,734	3,125,237
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	310,361	-	310,361
Total current liabilities	310,361	-	310,361
Noncurrent liabilities:			
Compensated absences	62,702	-	62,702
Total noncurrent liabilities	62,702	-	62,702
<b>Total liabilities</b>	373,063	-	373,063
<b>NET ASSETS</b>			
Invested in capital assets	964,510	-	964,510
Unrestricted	1,778,930	8,734	1,787,664
<b>Total net assets</b>	\$ 2,743,440	\$ 8,734	\$ 2,752,174

# City of Chula Vista

## Combining Statement of Revenues, Expenses, and Changes in Net Assets

### All Internal Service Funds

For the year ended June 30, 2011

	Fleet Management	Technology Replacement	Total
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 4,017,705	\$ -	\$ 4,017,705
Other	16,109	495	16,604
<b>Total operating revenues</b>	<b>4,033,814</b>	<b>495</b>	<b>4,034,309</b>
<b>OPERATING EXPENSES:</b>			
Operation and administration	3,692,788	1,343	3,694,131
Depreciation	474,277	-	474,277
<b>Total operating expenses</b>	<b>4,167,065</b>	<b>1,343</b>	<b>4,168,408</b>
<b>Operating income (loss)</b>	<b>(133,251)</b>	<b>(848)</b>	<b>(134,099)</b>
<b>NONOPERATING REVENUES:</b>			
Interest revenue	18,185	-	18,185
Gain on disposal of capital assets	68,111	-	68,111
<b>Total nonoperating revenues</b>	<b>86,296</b>	<b>-</b>	<b>86,296</b>
<b>Net increase (decrease) in net assets</b>	<b>(46,955)</b>	<b>(848)</b>	<b>(47,803)</b>
<b>NET ASSETS:</b>			
Beginning of year	2,790,395	9,582	2,799,977
End of year	<u>\$ 2,743,440</u>	<u>\$ 8,734</u>	<u>\$ 2,752,174</u>

**City of Chula Vista**  
**Combining Statement of Cash Flows**  
**All Internal Service Funds**  
**For the year ended June 30, 2011**

	Fleet Management	Technology Replacement	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from other funds	\$ 4,021,224	\$ -	\$ 4,021,224
Cash payments to suppliers and employees for goods and services	(3,721,955)	(1,949)	(3,723,904)
Other operating revenues	16,109	495	16,604
<b>Net cash provided (used) by operating activities</b>	<b>315,378</b>	<b>(1,454)</b>	<b>313,924</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition of capital assets	(67,124)	-	(67,124)
Proceeds received from disposal of capital assets	68,111	-	68,111
<b>Net cash provided by noncapital financing activities</b>	<b>987</b>	<b>-</b>	<b>987</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest revenue	18,722	-	18,722
<b>Net cash used by investing activities</b>	<b>18,722</b>	<b>-</b>	<b>18,722</b>
<b>Net increase (decrease) in cash and investments</b>	<b>335,087</b>	<b>(1,454)</b>	<b>333,633</b>
<b>CASH AND INVESTMENTS:</b>			
Beginning of year	1,779,544	10,188	1,789,732
End of year	<u>\$ 2,114,631</u>	<u>\$ 8,734</u>	<u>\$ 2,123,365</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET</b>			
<b>CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (133,251)	\$ (848)	\$ (134,099)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	474,277	-	474,277
Changes in operating assets and liabilities:			
Other receivable	3,519	-	3,519
Accounts payable and accrued liabilities	(27,903)	(606)	(28,509)
Compensated absences	(1,264)	-	(1,264)
Total adjustments	448,629	(606)	448,023
<b>Net cash provided (used) by operating activities</b>	<b>\$ 315,378</b>	<b>\$ (1,454)</b>	<b>\$ 313,924</b>

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# FIDUCIARY FUND

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## AGENCY FUND

The Agency Fund is used to account for assets held by the City in a trustee capacity for individuals, private organizations, other governments, and/or other funds.

*Special Assessment District* - This fund accounts for all money collected to pay for debt services of the various assessment districts for which the City acts as paying agent but has no legal commitment or obligation.

**City of Chula Vista**  
**Statement of Changes in Assets and Liabilities**  
**Agency Fund**  
**For the year ended June 30, 2011**

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
<b><u>Special Assessment District</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 7,692,794	\$ 27,378,388	\$ (27,369,353)	\$ 7,701,829
Restricted cash and investments:				
Held by fiscal agents	103,558,862	11,274,819	(41,910,239)	72,923,442
<b>Total assets</b>	<b>\$ 111,251,656</b>	<b>\$ 38,653,207</b>	<b>\$ (69,279,592)</b>	<b>\$ 80,625,271</b>
<b>Liabilities:</b>				
Due to bondholders	\$ 111,251,656	\$ 38,653,207	\$ (69,279,592)	\$ 80,625,271
<b>Total liabilities</b>	<b>\$ 111,251,656</b>	<b>\$ 38,653,207</b>	<b>\$ (69,279,592)</b>	<b>\$ 80,625,271</b>

# CITY OF CHULA VISTA

## Statistical Section

June 30, 2011

This part of the City of Chula Vista's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

### Table of Contents

	<b><u>Page No.</u></b>
<b>Financial Trends</b>	<b>146-149</b>
These schedules contain information to help the reader understand how the city's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	<b>150-153</b>
These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property and sales taxes.	
<b>Debt Capacity</b>	<b>154-161</b>
These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b>	<b>162-164</b>
These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time and with other governments.	
<b>Operating Information</b>	<b>165-169</b>
These schedules contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.	

**CITY OF CHULA VISTA**  
**Net Assets by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities:										
Invested in capital assets,										
net of related debt	\$ 382,552,076	\$ 456,096,957	\$ 537,716,998	\$ 600,317,974	\$ 662,230,041	\$ 715,090,838	\$ 621,878,119	\$ 623,938,515	\$ 634,377,842	\$ 634,409,385
Restricted	27,640,955	55,203,919	55,283,141	72,468,247	75,916,972	69,516,915	55,166,660	43,901,854	49,193,256	47,168,636
Unrestricted	77,110,077	103,843,928	110,825,189	111,448,751	95,782,921	126,026,156	91,683,171	89,235,419	73,916,496	72,730,796
Total governmental activities net assets	<u>487,303,108</u>	<u>615,144,804</u>	<u>703,825,328</u>	<u>784,234,972</u>	<u>833,929,934</u>	<u>910,633,909</u>	<u>768,727,950</u>	<u>757,075,788</u>	<u>757,487,594</u>	<u>754,308,817</u>
Business-type activities:										
Invested in capital assets,										
net of related debt	7,951,380	7,156,534	6,217,348	7,423,479	6,540,514	5,658,433	150,004,170	148,237,562	152,384,420	146,550,585
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	1,424,557	362,007	381,697	580,735	500,299	335,824	55,294,988	64,860,578	74,385,651	80,214,208
Total business-type activities net assets	<u>9,375,937</u>	<u>7,518,541</u>	<u>6,599,045</u>	<u>8,004,214</u>	<u>7,040,813</u>	<u>5,994,257</u>	<u>205,299,158</u>	<u>213,098,140</u>	<u>226,770,071</u>	<u>226,764,793</u>
Primary government:										
Invested in capital assets,										
net of related debt	390,503,456	463,253,491	543,934,346	607,741,453	668,770,555	720,749,271	771,882,289	772,176,077	786,762,262	780,959,970
Restricted	27,640,955	55,203,919	55,283,141	72,468,247	75,916,972	69,516,915	55,166,660	43,901,854	49,193,256	47,168,636
Unrestricted	78,534,634	104,205,935	111,206,886	112,029,486	96,283,220	126,361,980	146,978,159	154,095,997	148,302,147	152,945,004
Total primary government net assets	<u>\$ 496,679,045</u>	<u>\$ 622,663,345</u>	<u>\$ 710,424,373</u>	<u>\$ 792,239,186</u>	<u>\$ 840,970,747</u>	<u>\$ 916,628,166</u>	<u>\$ 974,027,108</u>	<u>\$ 970,173,928</u>	<u>\$ 984,257,665</u>	<u>\$ 981,073,610</u>

*The City of Chula Vista implemented GASB 34 for the fiscal year ended June 30, 2002. Sewer funds were converted to an enterprise fund in fiscal year 2008.*

**CITY OF CHULA VISTA**  
**Changes in Net Assets**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses:										
Governmental activities:										
General government	\$ 34,569,451	\$ 36,112,144	\$ 37,542,162	\$ 42,591,851	\$ 53,566,425	\$ 45,249,650	\$ 51,609,403	\$ 49,216,220	\$ 51,136,412	\$ 46,457,112
Public safety	44,049,088	46,795,935	54,974,182	63,368,815	72,887,220	77,136,782	78,633,467	76,097,546	74,008,767	75,664,246
Public works	60,489,489	60,981,126	71,482,668	79,723,824	102,122,564	103,117,608	86,410,082	72,509,779	69,524,903	71,857,158
Parks and recreation	8,684,207	7,213,329	5,854,495	7,757,251	8,085,160	9,353,280	9,650,399	9,805,893	7,849,907	6,995,489
Library	7,205,111	8,110,316	8,845,277	8,890,126	10,412,973	10,320,817	8,532,621	7,617,286	4,826,602	4,509,999
Interest on long-term debt	10,438,706	9,322,463	12,827,332	12,656,986	12,263,808	12,032,833	13,656,534	13,064,138	11,217,753	11,538,707
Total governmental activities expenses	165,436,052	168,535,313	191,526,116	214,988,853	259,338,150	257,210,970	248,492,506	228,310,862	218,564,344	217,022,711
Business-type activities:										
Transit	7,073,358	7,797,769	7,257,722	7,475,184	7,447,393	7,330,560	8,301,081	8,147,424	7,571,898	7,075,998
Bayfront Trolley Station	102,583	79,593	85,567	98,900	86,595	103,691	98,406	98,800	94,802	91,788
Sewer funds	-	-	-	-	-	-	30,323,015	23,528,217	29,240,616	30,245,584
Sewer DIFs	-	-	-	-	-	-	203,500	200,660	126,019	123,629
Interest on long-term debt	-	-	-	-	-	-	62,927	-	-	-
Total business-type activities expenses	7,175,941	7,877,362	7,343,289	7,574,084	7,533,988	7,434,251	38,988,929	31,975,101	37,033,335	37,536,999
Total primary government expenses	172,611,993	176,412,675	198,869,405	222,562,937	266,872,138	264,645,221	287,481,435	260,285,963	255,597,679	254,559,710
Program revenues:										
Governmental activities:										
Charges for services:										
General government	13,698,650	29,530,624	25,937,307	23,523,277	33,955,790	45,255,716	38,563,085	35,959,181	32,419,505	29,785,079
Public safety	4,465,958	5,003,310	9,991,565	9,555,756	11,598,587	7,311,407	8,148,817	7,954,060	8,833,813	7,989,893
Public works	31,651,057	34,193,401	46,862,521	40,020,387	52,749,415	45,520,978	23,112,265	25,793,234	28,761,170	33,378,070
Parks and recreation	1,559,120	1,534,116	25,000,748	15,702,515	26,935,981	19,106,017	11,881,147	2,776,032	2,559,668	3,599,653
Library	290,393	603,136	2,751,059	2,220,368	2,693,087	818,285	561,948	326,116	505,044	967,908
Operating grants and contributions	24,516,560	23,272,659	17,426,744	22,226,690	19,464,389	16,646,713	34,498,639	18,957,467	17,984,120	31,976,818
Capital grants and contributions	1,627,819	2,190,909	1,783,068	79,419,189	57,074,381	85,608,765	50,632,109	16,754,583	23,711,994	4,781,625
Total governmental activities program revenues	77,809,557	96,328,155	129,753,012	192,668,182	204,471,630	220,267,881	167,398,010	108,520,673	114,775,314	112,479,046
Business-type activities:										
Charges for services:										
Transit	2,289,591	2,319,322	2,525,349	2,425,531	2,526,487	2,433,008	1,660,821	3,679,761	3,335,334	2,534,385
Sewer funds	-	-	-	-	-	-	29,138,449	31,046,180	36,284,081	32,257,256
Sewer DIFs	-	-	-	-	-	-	539,136	232,430	166,303	443,599
Operating grants and contributions	2,621,995	3,610,307	3,805,056	4,231,445	-	-	5,378,518	3,390,228	3,357,566	3,431,988
Capital grants and contributions	3,248,226	-	-	1,971,311	-	-	-	-	-	-
Total business-type activities program revenues	8,159,812	5,929,629	6,330,405	8,628,287	2,526,487	2,433,008	36,716,924	38,348,599	43,143,284	38,667,228
Total primary government program revenues	85,969,369	102,257,784	136,083,417	201,296,469	206,998,117	222,700,889	204,114,934	146,869,272	157,918,598	151,146,274
Net revenues (expenses):										
Governmental activities	(87,626,495)	(72,207,158)	(61,773,104)	(22,320,671)	(54,866,520)	(36,943,089)	(81,094,496)	(119,790,189)	(103,789,030)	(104,543,665)
Business-type activities	983,871	(1,947,733)	(1,012,884)	1,054,203	(5,007,501)	(5,001,243)	(2,272,005)	6,373,498	6,109,949	1,130,229
Total net revenues (expenses)	(86,642,624)	(74,154,891)	(62,785,988)	(21,266,468)	(59,874,021)	(41,944,332)	(83,366,501)	(113,416,691)	(97,679,081)	(103,413,436)
General revenues and other changes in net assets:										
Governmental activities:										
Taxes:										
Property taxes	20,101,086	22,472,649	26,674,527	27,074,211	32,597,672	38,882,122	43,388,023	43,319,156	41,798,577	39,437,025
Sales tax	18,812,328	19,612,779	21,421,090	23,600,000	30,915,515	32,817,351	29,062,355	26,263,317	23,674,601	26,702,443
Other taxes	24,770,904	14,844,449	25,826,828	23,373,749	41,578,824	21,400,961	21,922,357	21,643,366	21,927,677	17,485,387
Investment income	18,205,856	14,372,650	5,651,048	11,678,930	10,195,710	13,386,872	8,663,014	12,676,922	5,744,616	9,108,662
Other general revenues	28,226,679	155,683,692	68,050,147	18,828,693	4,256,385	7,137,140	8,343,946	355,175	7,581,794	5,193,653
Transfers	45,179	45,626	42,876	34,900	122,588	22,618	5,594,536	3,880,091	3,473,571	3,437,718
Total governmental activities	110,162,032	227,031,845	147,666,516	104,590,483	119,666,694	113,647,064	116,974,231	108,138,027	104,200,836	101,364,888
Business-type activities:										
Investment income	316,569	118,056	20,715	56,485	78,605	167,734	6,740,155	2,090,311	1,785,660	1,288,478
Miscellaneous	(6,423)	17,907	115,549	329,381	4,088,083	3,809,571	670,170	3,215,264	9,249,893	1,013,733
Transfers	(45,626)	(45,626)	(42,876)	(34,900)	(122,588)	(22,618)	(5,594,536)	(3,880,091)	(3,473,571)	(3,437,718)
Total business-type activities	264,520	90,337	93,388	350,966	4,044,100	3,954,687	1,815,789	1,425,484	7,561,982	(1,135,507)
Total primary government	110,426,552	227,122,182	147,759,904	104,941,449	123,710,794	117,601,751	118,790,020	109,563,511	111,762,818	100,229,381
Changes in net assets										
Governmental activities	22,535,537	154,824,687	85,893,412	82,269,812	64,800,174	76,703,975	35,879,735	(11,652,162)	411,806	(3,178,777)
Business-type activities	1,248,391	(1,857,396)	(919,496)	1,405,169	(963,401)	(1,046,556)	(456,216)	7,798,982	13,671,931	(5,278)
Total primary government	\$ 23,783,928	\$ 152,967,291	\$ 84,973,916	\$ 83,674,981	\$ 63,836,773	\$ 75,657,419	\$ 35,423,519	\$ (3,853,180)	\$ 14,083,737	\$ (3,184,055)

The City of Chula Vista implemented GASB 34 for the fiscal year ended June 30, 2002. Sewer funds were converted to an enterprise fund in fiscal year 2008.



**CITY OF CHULA VISTA**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General fund:										
Reserved	\$ 21,978,726	\$ 21,358,332	\$ 20,096,238	\$ 22,214,965	\$ 21,771,010	\$ 22,249,346	\$ 22,258,951	\$ 20,732,416	\$ 19,478,496	\$ 23,863,407
Unreserved	<u>34,340,826</u>	<u>28,694,894</u>	<u>25,191,333</u>	<u>19,287,213</u>	<u>18,114,943</u>	<u>13,252,911</u>	<u>11,817,191</u>	<u>12,417,105</u>	<u>13,703,304</u>	<u>11,876,992</u>
Total general fund	<u>56,319,552</u>	<u>50,053,226</u>	<u>45,287,571</u>	<u>41,502,178</u>	<u>39,885,953</u>	<u>35,502,257</u>	<u>34,076,142</u>	<u>33,149,521</u>	<u>33,181,800</u>	<u>35,740,399</u>
All other governmental funds:										
Reserved	73,298,604	106,439,367	98,145,262	98,226,224	64,859,111	65,710,718	26,305,432	33,197,517	61,852,404	148,985,198
Unreserved, reported in:										
Debt service funds	(41,639,285)	(28,318,787)	(39,678,141)	(40,817,038)	(42,861,708)	(44,404,278)	(43,496,817)	(46,692,600)	(56,280,718)	(58,973,823)
Capital projects funds	129,796,298	73,977,363	81,760,701	94,472,902	113,659,937	92,093,271	78,496,664	70,791,397	58,595,303	
Special revenue funds	<u>46,650,553</u>	<u>38,423,739</u>	<u>41,395,612</u>	<u>48,987,258</u>	<u>57,893,321</u>	<u>64,843,684</u>	<u>48,690,364</u>	<u>42,565,836</u>	<u>27,334,131</u>	<u>(118,519)</u>
Total all other governmental funds	<u>\$ 208,106,170</u>	<u>\$ 190,521,682</u>	<u>\$ 181,623,434</u>	<u>\$ 200,869,346</u>	<u>\$ 193,550,661</u>	<u>\$ 178,243,395</u>	<u>\$ 109,995,643</u>	<u>\$ 99,862,150</u>	<u>\$ 91,501,120</u>	<u>\$ 89,892,856</u>

*The City of Chula Vista implemented GASB 34 for the fiscal year ended June 30, 2002. Sewer funds were converted to an enterprise fund in fiscal year 2008.*

**CITY OF CHULA VISTA**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues:</b>										
Taxes	\$ 64,314,781	\$ 58,729,882	\$ 72,842,579	\$ 85,192,455	\$ 86,509,678	\$ 93,100,434	\$ 103,543,735	\$ 91,770,846	\$ 87,263,934	\$ 88,878,664
Licenses and permits	3,484,799	4,596,975	5,533,743	3,946,733	3,441,613	2,870,424	2,767,850	2,041,721	2,274,964	2,887,150
Fines and forfeitures	1,452,879	1,507,652	1,568,585	1,398,146	1,724,862	2,226,822	2,671,545	3,317,666	3,124,021	2,348,565
Investment income	20,519,517	13,874,221	5,113,371	10,199,902	7,946,878	13,570,315	10,890,132	10,103,986	6,299,595	8,716,624
Developer fees	10,639,125	25,613,027	44,032,302	22,625,331	50,551,528	24,058,397	17,318,134	9,252,547	11,700,991	16,498,744
Intergovernmental	31,307,984	31,868,289	24,600,541	43,647,460	41,847,938	36,107,073	43,962,835	39,497,983	41,965,596	48,177,707
Charges for services	35,194,542	38,994,778	44,940,117	41,850,292	43,823,886	52,694,312	15,679,753	12,435,955	11,877,763	11,743,505
Other	22,812,525	21,862,659	25,318,879	24,231,228	30,012,125	23,567,613	30,427,119	29,404,221	31,918,308	28,163,311
Total revenues	189,726,152	197,047,483	223,950,117	233,091,547	265,858,508	248,195,390	227,261,103	197,824,925	196,425,172	207,414,270
<b>Expenditures</b>										
Current:										
General government	34,016,579	35,884,084	38,239,086	46,054,981	49,628,483	46,904,990	49,596,883	43,640,514	45,966,934	39,701,396
Public safety	40,871,945	45,781,808	52,491,410	61,673,449	67,913,584	73,245,978	74,781,055	72,872,527	72,080,790	70,693,779
Public works	39,375,210	49,118,238	54,430,850	56,220,867	72,296,203	75,720,582	57,789,303	46,042,781	45,778,665	48,056,229
Parks and recreation	7,978,726	4,820,255	4,824,714	5,369,192	6,210,040	7,503,259	6,869,089	6,969,924	5,255,812	4,030,767
Library	6,932,684	7,803,208	7,583,333	8,957,574	9,734,444	9,660,809	8,224,897	7,199,101	4,563,849	3,870,646
Capital outlay	54,614,051	66,522,243	56,039,237	61,134,157	72,988,853	36,472,182	29,525,186	19,305,564	27,628,148	34,215,021
Debt service:										
Principal retirement	4,516,442	7,046,207	13,362,073	4,936,247	6,054,618	30,892,802	7,884,493	7,686,525	7,301,362	7,911,995
Interest and fiscal charges	10,217,834	9,817,072	10,910,758	12,059,211	12,260,244	12,289,908	12,224,973	12,576,939	11,585,816	11,094,106
Bond issuance cost	-	-	-	-	-	514,994	34,485	844,584	-	-
Total expenditures	198,523,471	226,793,115	237,881,461	256,405,678	297,086,469	293,205,504	246,930,364	217,138,459	220,161,376	219,573,939
Excess (deficiency) of revenues over (under) expenditures	(8,797,319)	(29,745,632)	(13,931,344)	(23,314,131)	(31,227,961)	(45,010,114)	(19,669,261)	(19,313,534)	(23,736,204)	(12,159,669)
<b>Other financing sources (uses):</b>										
Transfers in	44,485,931	43,317,265	26,894,272	84,773,947	55,698,112	53,900,545	26,104,914	50,502,425	61,296,934	56,989,583
Transfers out	(44,357,179)	(43,178,867)	(26,789,382)	(84,678,601)	(52,132,246)	(53,835,509)	(20,400,837)	(46,589,803)	(57,815,981)	(53,551,865)
Proceeds from long-term debt	-	-	-	765,000	-	-	-	665,884	29,355,000	42,286
Proceeds from bond sale	60,145,000	11,320,000	-	37,240,000	21,255,000	25,760,000	10,264,224	21,625,000	207,372	-
Payment to escrow agent trust	-	-	-	-	-	-	-	(15,110,000)	(16,710,000)	-
Bond premium/(bond discount)	-	-	-	35,254	-	(505,884)	-	(579,161)	(925,872)	-
Proceeds from sale of capital assets	-	-	162,551	639,050	-	-	-	-	-	9,630,000
Total other financing sources (uses)	60,273,752	11,458,398	267,441	38,774,650	24,820,866	25,319,152	15,968,301	10,514,345	15,407,453	13,110,004
<b>Extraordinary item:</b>										
Forgiveness of debt	-	(5,635,850)	-	-	-	-	-	-	-	-
Total extraordinary item	-	(5,635,850)	-	-	-	-	-	-	-	-
<b>Net change in fund balances</b>	<b>\$ 51,476,433</b>	<b>\$ (23,923,084)</b>	<b>\$ (13,663,903)</b>	<b>\$ 15,460,519</b>	<b>\$ (6,407,095)</b>	<b>\$ (19,690,962)</b>	<b>\$ (3,700,960)</b>	<b>\$ (8,799,189)</b>	<b>\$ (8,328,751)</b>	<b>\$ 950,335</b>
<b>Debt service as a percentage of noncapital expenditures</b>	10.2%	10.5%	13.3%	8.7%	8.2%	17.0%	9.3%	10.7%	9.8%	10.3%

The City of Chula Vista implemented GASB 34 for the fiscal year ended June 30, 2002. Sewer funds were converted to an enterprise fund in fiscal year 2008.

**CITY OF CHULA VISTA**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30	City				Redevelopment Agency				Total Direct Tax Rate
	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value <sup>1</sup>	Secured	Unsecured	Less: Exemptions <sup>2</sup>	Taxable Assessed Value	
2002	9,948,410,787	442,676,336	(262,190,235)	10,128,896,888	420,217,884	165,288,557		585,506,441	0.144%
2003	11,489,756,820	359,527,956	(303,902,966)	11,545,381,810	578,332,766	92,744,520		671,077,286	0.144%
2004	13,186,377,450	387,657,132	(349,913,333)	13,224,121,249	548,945,714	84,234,008		633,179,722	0.144%
2005	15,390,029,359	402,366,184	(426,140,493)	15,366,255,050	617,179,700	82,759,507		699,939,207	0.144%
2006	18,481,902,606	442,863,514	(452,332,435)	18,472,433,685	735,529,147	82,456,175		817,985,322	0.144%
2007	21,254,352,374	582,720,155	(496,479,594)	21,340,592,935	846,124,571	202,760,284		1,048,884,855	0.144%
2008	24,381,647,068	544,113,016	(567,257,524)	24,358,502,560	1,058,205,677	94,614,761		1,152,820,438	0.144%
2009	24,861,548,900	565,347,815	(603,500,966)	24,823,395,749	1,061,746,125	105,702,620		1,167,448,745	0.144%
2010	22,168,954,872	610,945,054	(682,909,923)	22,096,990,003	1,094,004,250	131,944,885		1,225,949,135	0.144%
2011	21,341,397,693	577,214,653	(683,167,117)	21,235,445,229	1,042,561,908	130,433,921		1,172,995,829	0.144%

<sup>1</sup> Includes redevelopment incremental valuation

<sup>2</sup> Redevelopment Agency exemptions are included in City exemption data as they are not reported separately

**NOTE:**

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Source: County of San Diego Property Tax Services

**CITY OF CHULA VISTA**  
**Direct and Overlapping Property Tax Rates**  
**(Rate per \$100 of assessed value)**  
**Last Ten Fiscal Years**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
City Direct Rates:										
City basic rate	0.144	0.144	0.144	0.144	0.144	0.144	0.144	0.144	0.144	0.144
Overlapping Rates:										
Chula Vista Elementary School District Bonds	0.024	0.026	0.027	0.028	0.027	0.027	0.020	0.018	0.025	0.026
Sweetwater Union High School District Bonds	0.025	0.022	0.020	0.018	0.023	0.020	0.047	0.046	0.056	0.055
Southwestern Community College Bonds	0.015	0.013	0.007	0.013	0.015	0.014	0.013	0.013	0.034	0.036
MWD D/S Remainder of SDCWA 15019999	0.008	0.007	0.006	0.006	0.005	0.005	0.005	0.004	0.004	0.004
CWA South Bay Irrigation Debt Service	0.001	0.001	0.001	-	-	-	-	-	-	-
County of San Diego**	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>
Total Overlapping Rates	<u>1.073</u>	<u>1.069</u>	<u>1.061</u>	<u>1.065</u>	<u>1.070</u>	<u>1.066</u>	<u>1.084</u>	<u>1.081</u>	<u>1.120</u>	<u>1.121</u>

Breakdown of the County of San Diego 1.00 Rate:\*\*

County General	0.15920355
Gen Elem Chula Vista	0.29103670
High Sweetwater Union	0.18823068
Southwestern Community College	0.05072194
County School Service	0.00757296
County School Service - Capital Outlay	0.00190859
Childrens Institutions Tuition	0.00161434
Regional Occupational Centers	0.00483027
Chula Vista Project (19/84601)	0.00019695
Chula Vista Project (19/84602)	0.00039390
Educational Revenue Augmentation Fund	0.14676995
Chula Vista City	0.14375071
South Bay Irrigation	0.00000000
CWA South Bay Irrigation	0.00376946
San Diego Unified Port	<u>0.00000000</u>
Total	<u>1.00000000</u>

NOTE:

In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of school bonds and other debt service. Overlapping rates may vary by tax rate area. The data listed in this table is representative of tax rate area 001001.

Source: County of San Diego Property Tax Services

**CITY OF CHULA VISTA**  
**Principal Property Tax Payers**  
**Current Year and Nine Years Ago**

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value
JPB Development	\$ 429,246,476	1	2.02%	-	-	-
San Diego Expressway Limited	189,100,000	2	0.89%	-	-	-
Rohr Inc	179,146,931	3	0.84%	67,163,579	4	0.66%
GGP-Otay Ranch LP	175,335,688	4	0.83%	-	-	-
Equity Residential	163,371,160	5	0.77%	-	-	-
Shea Homes LTD Partnership	119,002,983	6	0.56%	-	-	-
Regulo Place Apartments Investor	115,836,938	7	0.55%	-	-	-
Chula Vista Center LLC	72,130,318	8	0.34%	60,737,739	6	0.60%
Rancho Mesa LP	64,100,000	9	0.30%	-	-	-
Camden USA Inc	62,546,375	10	0.29%	-	-	-
Duke Energy South Bay LLC	-	-	-	99,988,159	1	0.99%
Brookfield Shea Otay LLC	-	-	-	90,951,715	2	0.90%
Eastlake Co LLC	-	-	-	67,902,125	3	0.67%
Essex Marbrisas Apts LP	-	-	-	62,173,591	5	0.61%
Bre Properties Inc	-	-	-	44,108,932	7	0.44%
Community Hospital of Chula Vista	-	-	-	41,907,645	8	0.41%
Price Reit Inc	-	-	-	28,944,644	9	0.29%
Otay Project LP	-	-	-	27,050,489	10	0.27%
	<u>\$ 1,569,816,869</u>		<u>7.39%</u>	<u>590,928,618</u>		<u>5.83%</u>

The amounts shown above include assessed value data for both the City and the Redevelopment Agency.

Source: MuniServices, LLC  
County of San Diego Property Tax Services

**CITY OF CHULA VISTA**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year <sup>1</sup>	Collected within the Fiscal Year of Levy		Collections in Subsequent Years <sup>2</sup>	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2002	12,806,109	12,597,591	98.37%	96,550	\$12,694,141	99.13%
2003	14,293,880	14,061,319	98.37%	112,257	14,173,576	99.16%
2004	16,200,005	15,959,723	98.52%	116,784	16,076,507	99.24%
2005	18,652,193	18,324,623	98.24%	106,497	18,431,120	98.81%
2006	22,096,604	21,617,022	97.83%	162,806	21,779,829	98.57%
2007	25,159,692	24,409,063	97.02%	209,442	24,618,505	97.85%
2008	28,641,734	27,506,299	96.04%	460,875	27,967,173	97.64%
2009	29,304,771	28,147,698	96.05%	765,703	28,913,402	98.66%
2010	26,246,478	25,313,706	96.45%	538,429	25,852,135	98.50%
2011	25,325,126	24,773,002	97.82%	134,325	24,907,328	98.35%

<sup>1</sup> Levy amounts do not include supplemental taxes.

<sup>2</sup> Collection amounts represent delinquencies collected for all prior years during the current tax year.

Source: County of San Diego Property Tax Services

**CITY OF CHULA VISTA**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30	Governmental Activities				Total Governmental Activities	Percentage of Personal Income <sup>1</sup>	Debt Per Capita <sup>1</sup>
	Pension Obligation Bonds	Tax Allocation Bonds	Loans	Certificates of Participation			
2002	15,456,449	43,330,000	10,397,443	95,245,000	164,428,892	2.30%	905
2003	14,799,025	42,750,000	7,462,505	104,225,000	169,236,530	2.25%	882
2004	13,985,870	42,125,000	7,315,971	92,920,000	156,346,841	1.99%	774
2005	12,991,962	41,240,000	8,193,481	127,599,255	190,024,698	2.25%	901
2006	11,795,000	40,295,000	9,811,786	144,240,000	206,141,786	2.33%	937
2007	10,415,000	41,275,000	9,573,012	139,845,000	201,108,012	2.22%	887
2008	8,820,000	40,185,000	19,304,342	135,045,000	203,354,342	2.13%	878
2009	7,000,000	45,830,000	18,736,012	130,580,000	202,146,012	2.11%	857
2010	4,980,000	44,925,000	17,686,144	139,700,000	207,291,144	2.19%	866
2011	2,655,000	43,985,000	16,876,860	136,060,000	199,576,860	2.19%	819

<sup>1</sup> These ratios are calculated using personal income and population for the prior calendar year.

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

**CITY OF CHULA VISTA**

**Ratio of General Bonded Debt Outstanding**

**Last Ten Fiscal Years**

**(In Thousands, except Per Capita)**

Fiscal Year Ended June 30	Outstanding General Bonded Debt			Percent of Assessed Value <sup>1</sup>	Per Capita
	Pension Obligation Bonds	Tax Allocation Bonds	Total		
2002	15,456	43,330	58,786	0.58%	323
2003	14,799	42,750	57,549	0.50%	300
2004	13,986	42,125	56,111	0.42%	278
2005	12,992	41,240	54,232	0.35%	257
2006	11,795	40,295	52,090	0.28%	237
2007	10,415	41,275	51,690	0.24%	228
2008	8,820	40,185	49,005	0.20%	212
2009	7,000	45,830	52,830	0.21%	224
2010	4,980	44,925	49,905	0.23%	208
2011	2,655	43,985	46,640	0.22%	191

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

<sup>1</sup> Assessed value has been used because the actual value of taxable property is not readily available in the State of California.



**CITY OF CHULA VISTA**  
**Direct and Overlapping Debt**  
**June 30, 2011**

2010-11 Assessed Valuation:	\$ 21,235,445,229
Redevelopment Incremental Valuation:	<u>1,172,995,829</u>
Adjusted Assessed Valuation:	\$ 20,062,449,400

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt 6/30/11	% Applicable (1)	City's Share of Debt 6/30/11
Metropolitan Water District	\$ 227,670,000	1.123%	\$ 2,556,734
Otay Municipal Water District, I.D. No. 27	7,260,000	99.995	7,259,637
Southwestern Community College District	246,769,345	53.129	131,106,085
Sweetwater Union High School District	338,354,415	63.988	216,506,223
Chula Vista City School District	74,835,000	86.797	64,954,535
City of Chula Vista Community Facilities Districts	226,625,000	100.	226,625,000
Sweetwater Union High School District Community Facilities Districts	183,040,363	3.978-100.	170,140,679
Chula Vista City School District Community Facilities Districts	6,040,000	100.	6,040,000
City of Chula Vista 1915 Act Bonds	29,022,050	100.	<u>29,022,050</u>
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$ 854,210,943</b>

Ratios to 2010-11 Assessed Valuation:

Total Overlapping Tax and Assessment Debt.....4.02%

DIRECT AND OVERLAPPING GENERAL FUND DEBT:

San Diego County General Fund Obligations	\$ 385,650,000	5.851%	\$ 22,564,382
San Diego County Pension Obligations	820,288,160	5.851	47,995,060
San Diego County Superintendent of Schools Obligations	19,992,500	5.851	1,169,761
Southwestern Community College District Certificates of Participation	1,410,000	53.129	749,119
Sweetwater Union High School District Certificates of Participation	8,730,000	63.988	5,586,152
Chula Vista City School District Certificates of Participation	140,055,000	86.797	121,563,538
<b>City of Chula Vista Certificates of Participation</b>	<b>136,060,000</b>	<b>100.</b>	<b>136,060,000</b>
<b>City of Chula Vista Pension Obligations</b>	<b>2,655,000</b>	<b>100.</b>	<b>2,655,000</b>
Otay Municipal Water District Certificates of Participation	60,095,000	62.680	<u>37,667,546</u>
<b>TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$ 376,010,558</b>
Less: Otay Municipal Water District Certificates of Participation			<u>37,667,546</u>
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$ 338,343,012</b>
 <b>TOTAL DIRECT DEBT</b>			 <b>\$ 138,715,000</b>
<b>TOTAL GROSS OVERLAPPING DEBT</b>			<b>\$ 1,091,506,501</b>
<b>TOTAL NET OVERLAPPING DEBT</b>			<b>\$ 1,053,838,955</b>

<b>GROSS COMBINED TOTAL DEBT</b>	<b>\$ 1,230,221,501 (2)</b>
<b>NET COMBINED TOTAL DEBT</b>	<b>\$ 1,192,553,955</b>

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the city.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Ratios to Adjusted Assessed Valuation:

<b>Total Direct Debt (\$138,715,000).....</b>	<b>0.69%</b>
Gross Combined Total Debt.....	6.13%
Net Combined Total Debt.....	5.94%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 06/30/11: \$0

Source: California Municipal Statistics, Inc.



**CITY OF CHULA VISTA**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

	Fiscal Year			
	2002	2003	2004	2005
Assessed valuation	\$ 10,128,896,888	\$ 11,545,381,810	\$ 13,224,121,249	\$ 15,366,255,050
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	2,532,224,222	2,886,345,453	3,306,030,312	3,841,563,763
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	379,833,633	432,951,818	495,904,547	576,234,564
Total net debt applicable to limit: Pension obligation bonds	<u>15,456,449</u>	<u>14,799,025</u>	<u>13,985,870</u>	<u>12,991,962</u>
Legal debt margin	<u>\$ 364,377,184</u>	<u>\$ 418,152,793</u>	<u>\$ 481,918,677</u>	<u>\$ 563,242,602</u>
Total debt applicable to the limit as a percentage of debt limit	4.1%	3.4%	2.8%	2.3%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Source: City Finance Department  
County of San Diego Property Tax Services

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ 18,472,433,685	\$ 21,340,592,935	\$ 24,358,502,560	\$ 24,823,395,749	\$ 22,096,990,003	\$ 21,235,445,229
<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
4,618,108,421	5,335,148,234	6,089,625,640	6,205,848,937	5,524,247,501	5,308,861,307
<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
692,716,263	800,272,235	913,443,846	930,877,341	828,637,125	796,329,196
<u>11,795,000</u>	<u>10,415,000</u>	<u>8,820,000</u>	<u>7,000,000</u>	<u>4,980,000</u>	<u>2,655,000</u>
<u>\$ 680,921,263</u>	<u>\$ 789,857,235</u>	<u>\$ 904,623,846</u>	<u>\$ 923,877,341</u>	<u>\$ 823,657,125</u>	<u>\$ 793,674,196</u>
1.7%	1.3%	1.0%	0.8%	0.6%	0.3%

**CITY OF CHULA VISTA**  
**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30	Tax Allocation Bonds			
	Tax Increment	Debt Service		Coverage
		Principal	Interest	
2002	7,032,187	525,000	2,980,373	2.01
2003	7,822,428	580,000	2,943,058	2.22
2004	10,317,573	625,000	2,902,851	2.92
2005	8,939,444	885,000	2,855,288	2.39
2006	10,404,880	945,000	2,797,726	2.78
2007	11,935,618	995,000	2,735,150	3.20
2008	13,793,329	1,090,000	1,965,103	4.51
2009	13,781,683	870,000	1,728,722	5.30
2010	13,884,637	905,000	2,070,381	4.67
2011	13,822,938	940,000	2,032,665	4.65

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.



**CITY OF CHULA VISTA**  
**Demographic and Economic Statistics**  
**Last Ten Calendar Years**

<u>Year</u>	<u>Total Population</u>	<u>Pct. of S.D. County Population</u>	<u>Pct. Change from Previous Year</u>	<u>Median Age</u>	<u>Avg. Household Size</u>
2001	181,783	6.4%	4.7%	32.8	3.01
2002	191,922	6.6%	5.6%	32.8	3.03
2003	202,094	6.9%	5.3%	32.9	3.06
2004	211,018	7.1%	4.4%	33.0	3.08
2005	219,939	7.4%	4.2%	33.2	3.10
2006	226,838	7.6%	3.1%	33.4	3.12
2007	231,597	7.7%	2.1%	33.4	3.14
2008	235,767	7.8%	1.8%	33.3	3.17
2009	239,369	7.8%	1.5%	33.3	3.19
2010	243,712	7.9%	1.8%	33.7	3.21

Source: SANDAG, Current Estimates (Oct. 2011)

Notes: Dollar values are inflation-adjusted to 2010 dollars.

Due to the recent release of Census 2010, the California Department of Finance has not yet updated some county-level estimates.

Thus median age and average household size data 2001-09 are preliminary estimates based on trends between 2000 and 2010.

Year-to-year variation for the percent of population living below the poverty level is the result of both actual change and sampling error.

<u>Educational Attainment</u>		<u>Pct. Below Poverty</u>	<u>Unemployment Rate</u>	<u>Personal Income (In Thousands)</u>	<u>Per Capita Personal Income</u>
<u>% High School Graduate</u>	<u>% Bachelor's Degree or Higher</u>				
n/a	n/a	n/a	4.9%	7,161,000	39,390
n/a	n/a	n/a	6.1%	7,517,300	39,170
n/a	n/a	n/a	6.1%	7,859,200	38,890
n/a	n/a	n/a	5.6%	8,450,900	40,050
78.5%	24.7%	9.1%	5.1%	8,835,300	40,170
81.7%	24.1%	11.0%	4.7%	9,047,500	39,890
79.6%	25.4%	9.1%	5.3%	9,526,200	41,130
81.0%	25.7%	8.5%	7.0%	9,594,200	40,690
80.0%	25.5%	11.5%	11.2%	9,464,500	39,540
83.0%	29.1%	8.4%	12.3%	9,093,700	37,310



**CITY OF CHULA VISTA**  
**Principal Employers**  
**Current Year and Nine Years Ago**

<u>Employer</u> <sup>2</sup>	<u>2011</u>		<u>2002</u> <sup>1</sup>	
	<u>Number of</u> <u>Employees</u>	<u>Percent of</u> <u>Total</u> <u>Employment</u>	<u>Number of</u> <u>Employees</u>	<u>Percent of</u> <u>Total</u> <u>Employment</u>
Sweetwater Union High School District	4,125	7.93%	n/a	n/a
Chula Vista Elementary School District	2,651	5.10%	n/a	n/a
Rohr Inc/Goodrich Aerospace	2,150	4.13%	n/a	n/a
Southwestern Community College	2,076	3.99%	n/a	n/a
Sharp Chula Vista Medical Center	1,352	2.60%	n/a	n/a
Scripps Mercy Hospital Chula Vista	1,082	2.08%	n/a	n/a
City of Chula Vista	1,068	2.05%	n/a	n/a
Wal-Mart	1,011	1.94%	n/a	n/a
Target	591	1.14%	n/a	n/a
Costco	497	0.96%	n/a	n/a

<sup>1</sup> 2002 data is not available.

<sup>2</sup> Sharp Rees-Stealy falls within the top 10 employers category; however, the actual number of employees is unavailable.

"Total Employment" as used above represents the total employment of all employers located within City limits.

Source: State Employment Development Department  
City Finance Department  
Sweetwater Union High School District Human Resources Department  
Chula Vista Elementary School District Human Resources Department  
Southwestern Community College Human Resources Department

**CITY OF CHULA VISTA**  
**Full-time and Part-time City Employees**  
**by Function**  
**Last Ten Fiscal Years**

<u>Function</u>	<u>Full-Time and Part-time Employees as of June 30</u>									
	<u>2002</u> <sup>1</sup>	<u>2003</u>	<u>2004</u> <sup>2</sup>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General government	98	225	465	193	380	324	302	272	273	258
Public safety	362	413	480	528	518	548	504	476	468	448
Public works/engr	269	295	249	335	198	237	188	181	175	155
Parks and recreation	559	162	-	175	230	242	223	169	164	112
Library	-	216	182	217	252	227	196	189	73	41
Planning and building	92	92	99	91	97	83	68	63	62	54
Total	<u>1,380</u>	<u>1,403</u>	<u>1,475</u>	<u>1,539</u>	<u>1,675</u>	<u>1,661</u>	<u>1,481</u>	<u>1,350</u>	<u>1,215</u>	<u>1,068</u>

<sup>1</sup> Library employee count included in Parks and Recreation count

<sup>2</sup> Parks and Recreation employee count included in General Government count

Source: City Finance Department

# CITY OF CHULA VISTA

## Operating Indicators by Function

### Last Ten Fiscal Years

	Fiscal Year				
	2002	2003	2004	2005	2006
Police:					
Citizen-initiated calls for service	71,859	71,268	71,000	74,106	73,075
Fire:					
Number of emergency calls <sup>1</sup>	7,626	8,088	8,420	9,907	n/a
Inspections	n/a	n/a	n/a	n/a	1,780
Public works:					
Street resurfacing/maintenance <sup>2</sup> (square feet)	151,577	218,632	252,789	142,864	230,598
Parks and recreation:					
Number of recreation classes	1,126	2,261	1,819	1,709	1,821
Number of facility rentals	1,096	897	402	680	610
Library:					
Circulation	1,268,587	1,308,148	1,308,709	1,414,295	1,467,799
Attendance	1,009,061	1,044,755	1,070,560	1,121,119	1,170,168
Sewer:					
New connections	2,464	2,652	2,480	1,934	488
Average daily sewage treatment (millions of gallons)	15.2	16.3	15.8	17.0	16.9

<sup>1</sup> Figure for 2005 represents the calendar year instead of fiscal year.

<sup>2</sup> Excludes filling of potholes and crack sealing.

Note: Data is not available for the fiscal years marked as n/a.

Source: City of Chula Vista

Fiscal Year				
2007	2008	2009	2010	2011
74,277	74,192	70,051	68,601	65,186
14,853	14,548	14,983	11,490	11,319
2,119	n/a	3,676	2,898	2,389
157,903	77,507	108,745	84,276	99,978
2,231	2,575	2,149	2,301	1,850
855	1,217	969	1,175	1,524
1,344,115	1,265,720	1,160,139	985,157	952,847
1,148,024	1,296,245	820,243	605,979	614,841
529	165	468	469	287
17.0	16.8	16.5	16.2	16.3

# CITY OF CHULA VISTA

## Capital Asset Statistics by Function

### Last Ten Fiscal Years

	Fiscal Year				
	2002	2003	2004	2005	2006
Police:					
Stations	1	1	1	1	1
Fire:					
Fire stations	7	7	7	8	9
Public works:					
Streets (miles)	356.2	358.8	370.9	373.8	387.3
Streetlights	7,107	7,547	8,047	8,368	8,501
Traffic signals	161	170	188	199	220
Parks and recreation:					
Community parks	6	6	6	6	9
Recreation facilities	8	9	9	9	12
Library:					
Libraries	2	2	2	2	2
Sewer:					
Sewer pipes (miles)	338.6	428.2	448.1	455.8	471.3
Storm drains (miles)	173.0	182.3	191.9	219.9	228.6
Maximum daily treatment capacity (millions of gallons)	19.8	19.8	19.8	20.9	20.9

Source: City of Chula Vista

Fiscal Year				
2007	2008	2009	2010	2011
1	1	1	1	1
9	9	9	9	9
403.3	416.9	421.0	429.5	429.5
8,953	9,013	9,026	9,052	9,054
238	253	267	267	268
9	9	9	9	11
12	12	11	11	11
2	2	2	2	2
484.2	493.8	496.5	505.0	505.0
234.0	244.7	245.3	248.9	248.9
20.9	20.9	20.9	20.9	20.9





Caporicci & Larson, Inc.  
A Subsidiary of Marcum LLP  
Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and Members of City Council  
of the City of Chula Vista  
Chula Vista, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chula Vista, California (City), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial, and have issued our report thereon dated December 28, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



To the Honorable Mayor and Members of City Council  
of the City of Chula Vista  
Chula Vista, California  
Page Two

This report is intended solely for the information and use of the City Council, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Caporicci & Larson, Inc.*

Caporicci & Larson, Inc.  
A Subsidiary of Marcum LLP  
Certified Public Accountants  
San Diego, California  
December 28, 2011